

LINN-MAR COMMUNITY SCHOOL DISTRICT  
MARION, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2006



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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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## Introductory Section

December 18, 2006

Mr. Robert Crawford, President  
and Members of the Board of Education  
Linn-Mar Community School District  
Marion, Iowa

We are proud to submit to you the Comprehensive Annual Financial Report of the Linn-Mar Community School District for the year ending June 30, 2006. This report has been prepared to conform to the guidelines recommended by the Association of School Business Officials International.

## **MANAGEMENT RESPONSIBILITY**

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of the operations of the governmental activities, business-type activities, each major fund and aggregate of the remaining funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes all funds and account groups of the entire District. The District is not included in any other reporting entity, nor are other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

## **CAFR**

The 2006 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Internal Controls and Compliance.

***Introductory Section-*** This section includes a transmittal letter, economic outlook of the community, the District's accomplishments, the District's Team Leadership Network and a list of the Board of Directors and District Officials.



***Financial Section-*** The School District's financial statements and schedules are presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. This section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), audited basic financial statements, required supplementary information, and combining and individual fund statements and schedules. The audited basic financial statements provide both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. The MD&A is provided by management as a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

***Statistical Section-*** This section includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparison.

***Compliance Section-*** This section contains the auditor's reports on the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section also includes the Schedule of Expenditures of Federal Awards.

### **Linn-Mar Community School District**

This report includes all funds of the Linn-Mar Community School District. The District provides a full range of services including instructional, administrative, transportation, food service, maintenance of sites and facilities, clerical and extra- and co-curricular.

The District is governed by a seven-member elected Board of Education who serve staggered terms of three years. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The Linn-Mar Community School District is located in Linn County in east central Iowa. The District includes portions of Cities of Cedar Rapids, Marion and Robins, as well as unincorporated land in northern Linn County. The District originated in 1948 as Marion Rural Independent School District, and became originated as the Marion Rural Community School District under the Community School Reorganization Act adopted in 1955. It operated under this name from 1955 to 1963. The District is currently the 11<sup>th</sup> largest of Iowa's 371 public school systems. The certified enrollment taken on the third Friday of September was approximately 5,780 students. The District operates one High School, one middle school, one PK-8 school, and five elementary schools. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited English speaking students

In addition to a strong PK-12 educational program, the District works with the local community college to offer learning opportunities for the adults in the community with the District's community education program.

The District is supported financially by state aid, property taxes, state and federal grants for special projects and local revenue received for tuition and other services.

## **Economic Condition and Outlook**

Linn-Mar Community School District is located in the Cedar Rapids metropolitan area. The District covers 63 square miles and encompasses the outer edges of the city of Marion and the NE portion of city of Cedar Rapids. The Cedar Rapids metropolitan area is home to numerous Fortune 500 companies, two of which are located within Linn-Mar's District boundaries.

Rockwell Collins, a Fortune 500 company, is the largest employer, not only in the Linn-Mar District, but also in the Cedar Rapids metro area. Rockwell Collins produces advanced communications and aviation electronics for both the government and commercial customers. The company is a leading supplier of commercial and military aviation electronics and communications systems.

Rockwell Collins currently employs more than 7,000 people in the Greater Cedar Rapids metropolitan area and is looking at expanding. Rockwell Collins has been and will continue to have the state's largest technical workforce. Rockwell Collins also prides itself in the partnerships they have established with the local school districts in the area.

Another Fortune 500 business has expanded into the Linn-Mar District. A new Walmart Super Center opened its doors the first part of 2006. This has created approximately 350 to 400 new jobs and will increase the assessed valuation of the district by approximately \$10 million.

The greatest growth in the District continues to be residential. In 2005, 312 new single-family dwelling building permits were issued at a valuation of \$36,446,164 in the city of Marion and 44 new multi-family dwelling units were issued at a valuation of \$19,879,621.

## **District Major Initiative and Achievements**

The staff, Board, students, and community members are to be commended for making the 2005-2006 such a wonderful and productive year. Some of the many accomplishments for the year include:

- The passage of a 27.5 Million Dollar Bond Issue for the construction of two elementary schools, an addition and renovations to the high school, renovations to Novak elementary and retrofitting Oak Ridge PK-8 building to a full middle school.
- The District's expanded Olweus (anti-bullying program) to the elementary schools for the 2006-2007 school year.
- The many staff members who received local, regional, state and national recognition from various professional and community organizations for their dedicated work in educating our youth.
- The recording of 19,714 curriculum based volunteer hours with 778 volunteers in the District and increasing the number of relationships with business in the metropolitan area.
- The District was recognized for its continued excellence in financial reporting with the receipt of the District's second Certificate of Excellence in Financial Reporting award for the 2004-2005 Comprehensive Annual Financial Report (CAFR.)

All of the dedicated work that went in to these initiatives and achievements had one main focus: supporting the learning of the District's students. For the 2005-2006 school year, the students, as a group, continued to perform at a high level. Following are a few indicators:

- Students achieved the primary goal of one year of growth for each grade span in reading, math and science as measured on ITBS standardized tests.
- 84.1% of 3<sup>rd</sup> graders, 89.7% of 4<sup>th</sup> graders, 87.2% of 5<sup>th</sup> graders, 86.5% of 6<sup>th</sup> graders, 85% of 7<sup>th</sup> graders, and 86.2% of 8<sup>th</sup> graders achieved the proficient level on the NWEA MAP mathematics test.
- On the ITBS and ITED assessments, the students out-performed the state and nation in the content areas of reading, math, and science, continuing a multi-year tradition.
- Linn-Mar students continue to score higher than both the state and national averages of students that complete the ACT assessment. A score of 20 or higher on the ACT test is a general indicator of potential post-secondary success. The percentage of Linn-Mar students that scored 20 or higher during the 2005-2006 school year was 86%.

Individual students or teams received state and/or national recognition in variety of academic, extra-curricular and co-curricular competitions, including Linn-Mar Robotics, girls basketball, boys basketball, Pom Poms, girls swimming, boys golf, boys soccer, wrestling, instrumental and vocal music, show choir, AP exams, and National Merit Finalists.

### **Internal Controls**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

### **Budgetary Controls**

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's

governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties, the District prepares a more detailed budget for each fund. The following information reflects the comprehensive budget for these individual funds rather than demonstrating compliance at the legal level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Annually, the District's Board of Education adopts a budget and approves the appropriations for the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund in accordance with provisions outlined in the Statutes of the State of Iowa. The budget is prepared according to generally accepted accounting principals and lists estimates of revenues and expenditures/expenses.

### **Cash Management**

The District, in an effort to be a good manager of public funds, is continuously looking for investment opportunities that comply with the District's investment policy. The current goals of the District investments in order of priority are:

- To provide safety of the principal;
- To maintain the necessary liquidity to match expected liabilities; and
- To obtain a reasonable rate of return.

To maximize investment return, the District invested in money market deposits, savings account and Iowa Schools Joint Investment Trust. Interest revenue of \$1,097,845 was earned on all investments for the current year ended June 30, 2006, an increase of \$948,402 from Fiscal Year 2005. This big jump can be attributed to the interest revenue generated from the cross over refunding bonds of approximately \$19 million sitting in escrow, which generated over \$700,000 of interest revenue. The rest of the increase is due to the favorable interest rates that the economy is generating.

### **Risk Management**

The District currently covers property, liability and worker's compensation losses with traditional insurance coverage through the Iowa Associations of School Board's group plan carried by Employer's Mutual Insurance Company.

### **Independent Audit**

State law and District policy require an annual audit to be made of the books of account, financial records and transactions of all funds of the District by a Certified Public Accountant selected by the Board of Directors of the District. The District has complied with this requirement. The report of the District's independent accountants, Hunt, Kain and Associates, P.C., appears in this report. Their audit of the basic financial statements was performed in accordance with the code of Iowa, generally accepted auditing standards and requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the basic financial statements and combining

and individual fund statements is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

### **Certificate of Excellence in Financial Reporting**

The Association of School Business Officials International (ASBO), awards a Certificate of Excellence in Financial Reporting. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of government financial reports

In order to be eligible to receive the Certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principals and applicable legal requirements.

This Certificate is valid for a period of one year only. The District believes that the current CAFR conforms to the requirements for the Certificate of Excellence and, therefore, is submitting the CAFR to ASBO to determine its eligibility for the Certificate.

### **Acknowledgements**

The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This would not have been possible without the help of several people. We would like to express our appreciation to all District, City and County employees who assisted in the preparation of this report.

Finally, sincere appreciation is extended to the Board of Education, where commitment to excellence begins. It is with great pleasure that this year's Comprehensive Annual Financial Report is submitted to the Board of Education.

David L. Nicholson  
Business Administrator  
Board Secretary/Treasurer

Dr. Kathleen Mulholland  
Superintendent of Schools





# LINN-MAR COMMUNITY SCHOOL DISTRICT

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2005 Election)		
Jim Green	President	2005
Bob Crawford	Vice President	2006
Ann Stark	Board Member	2005
Helen Romanowsky	Board Member	2005
Erik Miles	Board Member	2006
Lorna Richards	Board Member	2007
Steve Colton	Board Member	2007
<u>Board of Education</u>		
(After September 2005 Election)		
Jim Green	President	2008
Bob Crawford	Vice President	2006
Erik Miles	Board Member	2006
Lorna Richards	Board Member	2007
Steve Colton	Board Member	2007
Ann Stark	Board Member	2008
Helen Romanowsky	Board Member	2008
<u>School Officials</u>		
Dr. Katie Mulholland	Superintendent	2008
David L. Nicholson	Business Administrator District Secretary/Treasurer	2006
Terry Abernathy	Attorney	Indefinite



## Financial Section

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Linn-Mar Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Linn-Mar Community School District, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Linn-Mar Community School District as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2006 on our consideration of Linn-Mar Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 20 through 31 and 68 through 69 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Linn-Mar Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, and, on pages 124 and 125, the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa  
September 20, 2006

## Management Discussion and Analysis

This section of the Linn-Mar Community School District's Comprehensive Annual Financial Report presents its "discussion and analysis" of the District's financial performance during the fiscal year ending June 30, 2006. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

### Financial Highlights

- The State of Iowa allowed a 4% growth for the 2005-06 school year. The allowable growth along with increased enrollment increased our regular program support revenue by \$3.3 million.
- The General Fund ending undesignated unreserved fund balance decreased from \$2.6 million in fiscal year 2005 to \$2.112 million in fiscal year 2006. This equates to a 5.00% solvency ratio. Part of this reduction is due to the fact that the Board of Education designated \$291,487 dollars for the opening of the two new school over the course of the next two years.
- Interest rates have started to rebound from a public fund investment rate of 2.6% in June, 2005 to a rate of 4.62% in June, 2006, this being responsible for interest earnings in the General Fund to increase from \$123,419 in fiscal year 2005 to \$199,176 in fiscal year 2006.

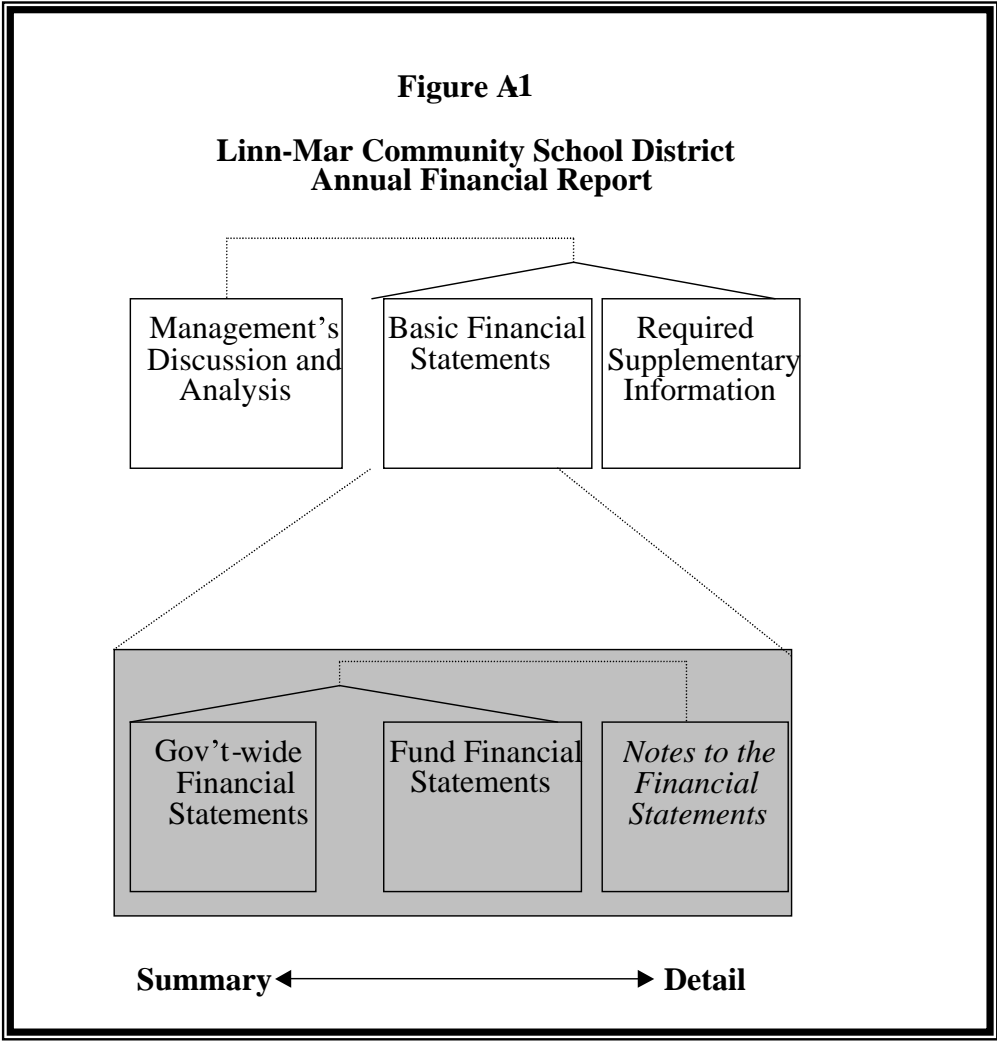
### Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *Government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the Government-wide statements.
- The *governmental funds statements* show how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.



## District-Wide Financial Statements

<b>Figure A-2: Major Features of the District Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of Revenues, Expenses and Changes in Net Assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be included here.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues, (such as federal grants).

The District has two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide

statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund includes the Agency Fund for the employee's flexible benefits payroll plan.

### Financial Analysis of the District as a Whole

There was a significant change in the district's combined net assets as evidenced below in Figure A-3. Both the combined total assets and liabilities experienced a double digit percentage increase. Combined net assets increased 21.85 percent while combined total liabilities increased by 27.30 percent. Because of favorable market conditions, the district did a cross-over refunding of some outstanding general obligations bonds. The district refunded their 10 million general obligation bonds, dated June 5, 2001, which as of June 30, 2005, had an outstanding principal amount of \$10,000,000. The district sold \$9,225,000 of general obligations bonds that will be used to refund \$9,040,000 of the remaining principal, which matures on June 1<sup>st</sup> of the years 2009 to 2021. In addition to the cross-over refunding, the District passed a \$27.5 million dollar bond issue and sold \$10 million for the construction of two new elementary schools. Because of the aforementioned refunded general obligation bonds, total combined net assets has approximately \$9.22 million sitting in escrow waiting to pay off the refunded portion and \$9 million for the construction of a new elementary, and the total combined liabilities has an additional \$19.22 million in long-term obligations. The inflated assets and liabilities due to the refunding will remain on the books until June 30, 2008.

**Figure A-3**

#### Condensed Statement of Net Assets (in millions of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2005	2006	2005	2006	2005	2006	2005-2006
Current and other assets	\$38.46	\$58.59	\$.23	\$.095	\$38.69	\$58.685	51.68%
Capital Assets	54.06	54.37	.22	.230	54.28	54.60	0.59%
<b>Total Assets</b>	<b>92.52</b>	<b>112.96</b>	<b>.45</b>	<b>.325</b>	<b>92.97</b>	<b>113.285</b>	<b>21.85%</b>
Long-term obligations	46.21	63.54			46.21	63.54	37.50%
Other liabilities	24.27	26.23	.12	.106	24.39	26.336	7.98%
<b>Total Liabilities</b>	<b>70.48</b>	<b>89.77</b>	<b>.12</b>	<b>.106</b>	<b>70.60</b>	<b>89.876</b>	<b>27.30%</b>
Net assets:							
Investment in capital assets, net of related debt	18.95	20.22	.22	.23	19.17	20.45	6.68%
Restricted	1.54	1.52			1.54	1.52	-1.3%
Unrestricted	1.55	1.45	.11	-.01	1.66	1.44	-13.25%
<b>Total net assets</b>	<b>22.04</b>	<b>23.19</b>	<b>.33</b>	<b>.22</b>	<b>22.37</b>	<b>23.41</b>	<b>4.65%</b>

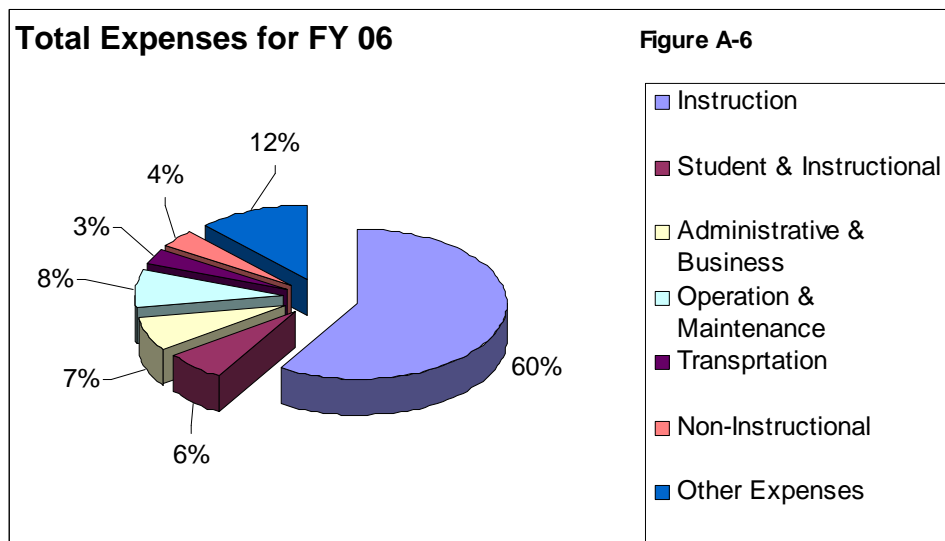
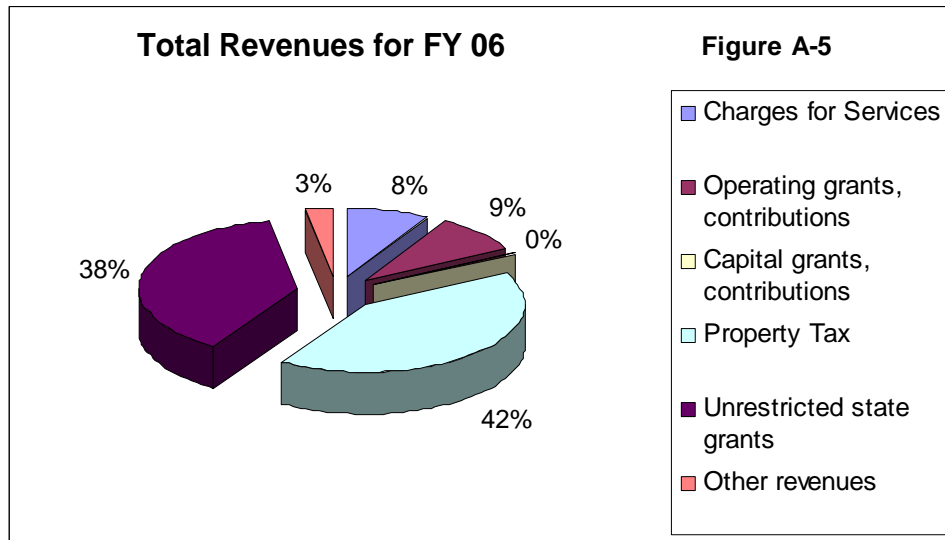
Note: Amounts reported here may differ slightly from the amounts reported in the basic financial statements due to rounding.



Changes In Net Assets as shown in Figure A-4 below, illustrates that the District as a whole experienced a 10.13 percent increase in operating revenue while experiencing a 10.5 percent increase in expenses. Virtually all of the \$1.63 million increase in unrestricted state grants, was due to the increase in state foundation aid (state foundation aid is the amount of money given the state to support the cost per pupil to educate our students). The \$1.2 million increase in property taxes was due to an increase of \$702,000 to support the district cost per pupil, with the remainder to cover increased enrollment and excess special education cost. Property taxes and unrestricted state aid account for most of the district's revenue, with each contributing approximately 42 percent and 38 percent respectively of the total dollars raised, (See Figure A-5).

The total cost for all programs and services rose 10.5 percent to \$51.16 million. The District's total expenses are listed in Figure A-6. The chart shows that the majority of the District's expenditures (66%), are devoted to direct Instruction and Student and Instructional services. Another 3 percent is spent on transporting our students safely to and from school and on extra curricular events. The bulk of the 10.5 percent or \$4.86 million is due to negotiated salary and benefit increases with the remainder supporting the additional expenses associated with the hiring of additional staff to support the continued growth of the District.

<b>Figure A-4</b>							
<b>Changes in Net Assets</b>							
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total School District</b>		<b>Percentage Change</b>
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005-2006</b>
<b>Revenues:</b>							
Program Revenues:							
Charges for Service	\$2.71	\$2.98	\$1.256	\$1.376	\$3.97	\$4.356	9.72%
Operating grants and contributions	3.86	4.22	.458	.482	4.32	4.702	8.84%
Capital grants and contributions	0	.06	.00	.00	.00	.06	100.00%
General Revenues:							
Property tax	20.41	21.61			20.41	21.61	5.88%
Unrestricted state grants	18.31	19.94			18.31	19.94	8.90%
Other	.38	1.52	.002	.004	.38	1.524	301.05%
<b>Total Revenues</b>	<b>\$45.67</b>	<b>\$50.33</b>	<b>\$1.715</b>	<b>\$1.862</b>	<b>\$47.39</b>	<b>\$52.19</b>	<b>10.13%</b>
<b>Program expenses:</b>							
Governmental activities:							
Instructional	27.31	30.05			27.31	30.05	10.03%
Support Services	11.94	12.87		.048	11.94	12.92	8.21%
Non-instructional programs	.03	.12	1.737	1.927	1.77	2.05	15.82%
Other expenses	5.28	6.14			5.28	6.14	16.29%
<b>Total expenses</b>	<b>44.56</b>	<b>49.18</b>	<b>1.737</b>	<b>1.975</b>	<b>46.30</b>	<b>51.16</b>	<b>10.5%</b>
<b>Changes in net assets</b>	<b>\$1.11</b>	<b>\$1.15</b>	<b>\$(.022)</b>	<b>\$(.113)</b>	<b>\$1.09</b>	<b>\$1.04</b>	<b>-4.59%</b>
Note: Amounts reported here may differ slightly from the amounts reported in the basic financial statements due to rounding.							



## Governmental Activities

Revenues for the district's governmental activities increased 10.20 percent, while expenses increased 10.37 percent. The increased revenues can be credited both to a rebound of the economy and efforts of the district to keep a strong financial position:

- The economy of the state rebounded enough to justify a 4% increase in state allowable growth, which is a 2% increase over the prior year.
- Due to the nature of the state funding formula, the district increased taxes by \$1.96 million for the 2004-2005 special education deficit and a good portion of the increased cost to educate students not included in the current year funding formula, which is up about \$170 thousand over the prior year.

The \$4.62 million dollar increase in governmental activity expenditures are mainly associated with the 5.2 percent negotiated salary and benefit packages given to the district employee groups, added staff due to the growth, and about \$1 million paid out for the design and bidding services for two elementary schools and a high school addition.

Figure A-7 presents the cost of three District activities: Instruction, Support Services, and Other Expenses. The table shows each activity's *net cost*, (total costs less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN THOUSANDS)				Figure A-7		
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2005	2006	2005-2006	2005	2006	2005-2006
INSTRUCTION	\$ 27.31	\$ 30.05	10.03%	\$ 22.73	\$ 25.02	10.07%
SUPPORT SERVICES	11.94	12.87	7.79%	11.50	12.39	7.74%
NON-INSTRUCTIONAL PROGRAMS	.03	.12	300.00%	.03	.12	300.00%
OTHER EXPENSES	5.26	6.14	16.73%	3.73	4.38	17.43%
TOTALS	44.56	49.18	10.37%	37.99	41.91	10.32%

- The cost of all governmental activities this year was \$49.18 million.
- A portion of the cost was financed by the users of the District programs, (\$2.98 million).
- Federal and State governments subsidized certain programs with grants and contributions, (\$4.22 million).
- A majority of the District's costs (\$41.91 million), were financed by District and State taxpayers.
- This portion of governmental activities was financed primarily with \$21.61 million in property taxes and \$19.94 million in unrestricted state aid based in large part on the statewide education aid formula.

### Business-Type Activities

Revenues of the District's business-type activities grew by 8.57 percent to \$1.86 million while expenses grew 13.7 percent to \$1.97 million (Refer to Figure A-4). At the present time, the only fund that comprises the business-type activities is the School Nutrition Fund. The revenues in the School Nutrition Fund can be broken down into three main categories; charges for services, federal and state reimbursements and investment income.

During the year ending June 30, 2006, the District's net assets decreased in the business-type activities by roughly \$113,000. The decision by the district not to increase food service prices, the purchase of capital assets and increasing the hours of numerous part-time employees to full time status accounted for most of the decrease in the net assets for the business-type activities. To address this significant drop in net assets, the District increased lunch prices and ala carte prices for the 2006-2007.

### **Financial Analysis of The District's Funds**

At the end of fiscal year 2006, the District's governmental funds reported combined ending fund balances of \$32,676,995, an increase of \$18,248,418 in comparison with the prior year. All but two of the district's governmental funds had more revenues and other financing sources than expenditures in 2006. Most significantly, the debt service fund had \$9.08 million more in revenue and other financing sources than expenditures. This is due to the cross-over refunding of general obligation bonds that occurred in July 2005. Another fund that had a significant increase in fund balance is the capital projects fund. This fund started the year at a zero fund balance and ended the year with a fund balance of \$9,063,180, which is due to the sale of \$10 million worth of bonds for the construction of two schools and renovations and additions to two other schools. The management fund was the last fund that had any significant increase in fund balance. This fund balance increased from \$111,925 in fiscal year 2005 to \$467,401 in fiscal year 2006. The main reason for this change had to do with the favorable claim experience the District had in workers compensation.

The District's business-type activities fund had a challenging year. The fund balance decreased by \$113,572. The fund experienced a 13.7% increase in expenses with only a corresponding 8.5% increase in revenues (See Figure A-4). There were three contributing factors to this decline in fund balance, the first being the 5.2% negotiated settlement for salary and benefits. Secondly, to do deal with the increased number of meals being served, the hours for many of the employees were increased, which put many of them into full time status, thus increasing the salary and benefit cost. Lastly, the decision not to increase lunch prices for the last couple of years made it difficult to keep up with the added expenses.

### **General Fund Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared according to U.S. generally accepted accounting principles. Over the course of the year, the District amended its annual operating budget one time to reflect higher than expected costs associated with instruction and supporting activities. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on pages 67 and 68.

## **Legal Budgetary Highlights**

The District's total actual revenues and other financing sources were approximately \$20,411,010 greater than the total budgeted revenues, a variance of roughly 40.05%. The greatest contributor to this variance resulted from the bond sale proceeds in the debt service fund for the refunding of general obligation bonds and issuance of new GO bonds for the construction of additional facilities. The district received approximately \$14.33 million dollars related to the refinancing. Of the \$14.33 million dollars, approximately \$9.08 million is sitting in an escrow account with Wells Fargo Bank waiting until the call date of the old refunded issue; the remaining was used to offset issuance cost. The District patrons passed a \$27.5 million dollar bond issue in January and sold 10 million that was deposited into the capital projects fund.

Over the course of the year, the district amended the operating budget one time. The budget amendment was due to underestimating the cost with regard to negotiated settlements and additional staff.

- The Instructional area of the budget was increased to \$29,932,243 from \$29,017,991; a majority of this increase was due to the reclassification of expenditures and the hiring of additional staff due to growth
- The Total Support Services section of the overall budget was decreased to \$13,239,834 from \$13,638,352. This was in support of reclassification of expenditures from support to instruction
- The Non-instructional Programs section overall budget was increased to \$1,901,011 from \$1,875,000. The budget increase in this area was due to the added staff hours and increased supplies to support the student population growth.
- The Total Other Expenditures area of the budget was increased from \$6,898,225 to \$13,266,725. This amendment was required because the unanticipated bond refunding and the advance purchase of land.

Actual expenditures exceeded budgeted expenditures in both the Instructional and Non-instructional Program functional areas of the budget. The instructional area of the budget was only exceeded by \$42,391; this was due to the reclassification of account numbers from the support area to the instructional area that took place after the end of the year. The Non-instructional Program area of the budget was exceeded by \$149,725; this was due the under estimation of capital project expenditures that would occur by the end of the fiscal year for the design and pre-bid services for the new construction and renovations that are part of the \$27.5 million dollar bond issue that was passed.

## **Capital Asset Administration**

The District's investments in capital assets for its governmental and business type activities as of June 30, 2006, amounts to \$ 54,602,027 (net of accumulated depreciation of \$21,303,448). This investment in capital assets includes land, buildings, vehicles and equipment (See Figure A-8). This amount represents a net increase of \$314,080 or .58 percent from last year.

The biggest change in comparing fiscal year 2006 with the previous year is the 29.92% increase in land and the 35.01% in construction in progress. The District acted upon an option they had previously secured for the purchase of approximate 28.86 acres for \$12,000 per acre, which equated to roughly \$336,000. In addition, with the passage of a \$27.5 million dollar referendum, the District began its design and pre-bid services for the new construction and renovations, which contributed to the net increase of roughly \$271,000 in construction in progress (See Figure A-8).

Figure A-8

**CAPITAL ASSETS, NET OF DEPRECIATION  
(EXPRESSED IN THOUSANDS)**

	GOVERNMENTAL ACTIVITIES		BUSINESS- TYPE ACTIVITIES		TOTAL SCHOOL DISTRICT		TOTAL CHANGE
	2005	2006	2005	2006	2005	2006	2005- 2006
LAND	\$ 1,123	\$ 1,459	-	-	\$ 1,123	\$ 1,459	29.92%
CONSTRUCTION IN PROGRESS	774	1,045	-	-	774	1,045	35.01%
BUILDINGS	48,172	47,900			48,172	47,900	-.56%
IMPROVEMENTS OTHER THAN BUILDINGS	1,863	1,844			1,863	1,844	-1.02%
FURNITURE AND EQUIPMENT	2,133	2,124	223	230	2,356	2,354	-.08%
<b>TOTALS</b>	<b>\$ 54,065</b>	<b>\$ 54,372</b>	<b>\$ 223</b>	<b>\$ 230</b>	<b>\$ 54,288</b>	<b>\$ 54,602</b>	<b>.58%</b>

More detailed information about capital assets can be found in Note 5 to the financial statements.

### Long-Term Liabilities

At year-end, the District had \$63.54 million in general obligation bonds and other long-term liabilities outstanding. This represents an increase of \$17.33 million over the previous fiscal year as can be seen in Figure A-9 below.

figure A-9

**OUTSTANDING  
LONG-TERM  
OBLIGATIONS  
(EXPRESSED IN THOUSANDS)**

	TOTAL SCHOOL DISTRICT		TOTAL CHANGE
	2005	2006	2005- 2006
GENERAL OBLIGATION BONDS	45,265	62,425	37.91%
EARLY RETIREMENT	577	675	16.98%
COMPENSATED ABSENCES	366	442	20.77%
	<b>\$ 46,208</b>	<b>\$ 63,542</b>	<b>37.51%</b>

Virtually all the increase to the debt schedule can be attributed to the sale of \$10 million in GO bonds for the new construction and renovations and the issuance of \$9.23 million GO bonds for the cross-over refunding of the 2001 issuance of \$10 million GO bonds. The refinancing of the general obligation bond will reduce its debt service payments by approximately \$422,000 over the next sixteen years.

Further detailed information about long-term debt can be found in Note 6 to the financial statements.

### **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of three existing circumstances that could significantly affect its financial health in the future:

- Fiscal year 2007 marks the second year in a row since the 2001-2002 school year that the District's health insurance plan had less than a double digit percentage increase. Health insurance premiums for all employees only increased 4.3% over the previous year. This small increase in insurance cost will allow our employees to see an actual increase in their take home pay from the previous year.
- It appears that the student enrollment growth for the 2006-2007 year will eclipse 400 students. This would be the largest increase in enrollment that the District has ever experienced.
- In July 2004, the District was notified by the county assessor that our biggest tax payer in our district filed and won an assessment appeal for the 2001-2004 tax years. This appeal cost the District roughly \$380,000 of property tax revenues for the various governmental activities funds. It appears that there are still other businesses in our District, including once again our largest tax payer, that are contesting their assessed valuations. The financial impact of these appeals are yet to be determined.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact David Nicholson., Business Administrator, Linn-Mar Community School District, 3333 North 10<sup>th</sup> Street, Marion, Iowa 52302.

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## Basic Financial Statements

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2006

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 18,660,917	\$ 59,489	\$ 18,720,406
Investments held by fiscal agent	19,206,797	-	19,206,797
Receivables:			
Property tax:			
Current year	149,056	-	149,056
Succeeding year	20,099,000	-	20,099,000
Accrued interest	46,637	-	46,637
Accounts	31,941	194	32,135
Due from other governments	399,989	3,294	403,283
Inventories	-	32,446	32,446
Prepaid expenses	216	-	216
Capital assets, net of accumulated depreciation (note 5)	54,371,894	230,113	54,602,007
Total assets	112,966,447	325,536	113,291,983
Liabilities			
Accounts payable	1,403,733	2,038	1,405,771
Salaries and benefits payable	4,187,010	72,117	4,259,127
Due to other governments	227,815	-	227,815
Accrued interest payable	316,125	-	316,125
Deferred revenue:			
Succeeding year property tax	20,099,000	-	20,099,000
Other	-	32,361	32,361
Long-term liabilities (note 6):			
Portion due within one year:			
Early retirement	350,339	-	350,339
Bonds payable	1,990,000	-	1,990,000
Compensated absences	441,893	-	441,893
Portion due after one year:			
Early retirement	324,899	-	324,899
Bonds payable	60,435,000	-	60,435,000
Total liabilities	89,775,814	106,516	89,882,330

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2006

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 20,216,871	\$ 230,113	\$ 20,446,984
Restricted for:			
Physical plant and equipment levy	998,492	-	998,492
Public education and recreation levy	372,600	-	372,600
Other special revenue purposes	149,490	-	149,490
Unrestricted	1,453,180	(11,093)	1,442,087
Total net assets	\$ 23,190,633	\$ 219,020	\$ 23,409,653

See notes to basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 20,178,989	\$ 1,124,013	\$ 1,375,332	\$ -
Special instruction	6,679,381	447,271	578,839	-
Other instruction	3,188,662	1,064,852	437,280	-
	<u>30,047,032</u>	<u>2,636,136</u>	<u>2,391,451</u>	<u>-</u>
Support services:				
Student services	1,412,916	245,204	-	-
Instructional staff services	1,899,314	22,772	47,411	-
Administration services	3,763,183	-	-	-
Operation and maintenance of plant services	4,095,267	46,705	-	-
Transportation services	1,703,145	9,469	108,531	-
	<u>12,873,825</u>	<u>324,150</u>	<u>155,942</u>	<u>-</u>
Non-instructional programs	<u>123,594</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	362,586	15,869	-	64,059
Long-term debt interest and fiscal charges	2,679,973	-	-	-
AEA flowthrough	1,675,939	-	1,675,939	-
Depreciation (unallocated) *	1,418,636	-	-	-
	<u>6,137,134</u>	<u>15,869</u>	<u>1,675,939</u>	<u>64,059</u>
Total governmental activities	<u>49,181,585</u>	<u>2,976,155</u>	<u>4,223,332</u>	<u>64,059</u>
Business-Type Activities:				
Support services:				
Food service operations	<u>48,492</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-instructional programs:				
Food service operations	<u>1,927,242</u>	<u>1,376,066</u>	<u>482,199</u>	<u>-</u>
Total business-type activities	<u>1,975,734</u>	<u>1,376,066</u>	<u>482,199</u>	<u>-</u>
Total	\$ 51,157,319	\$ 4,352,221	\$ 4,705,531	\$ 64,059

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (17,679,644)	\$ -	\$ (17,679,644)
(5,653,271)	-	(5,653,271)
(1,686,530)	-	(1,686,530)
<u>(25,019,445)</u>	<u>-</u>	<u>(25,019,445)</u>
(1,167,712)	-	(1,167,712)
(1,829,131)	-	(1,829,131)
(3,763,183)	-	(3,763,183)
(4,048,562)	-	(4,048,562)
(1,585,145)	-	(1,585,145)
<u>(12,393,733)</u>	<u>-</u>	<u>(12,393,733)</u>
<u>(123,594)</u>	<u>-</u>	<u>(123,594)</u>
(282,658)	-	(282,658)
(2,679,973)	-	(2,679,973)
-	-	-
(1,418,636)	-	(1,418,636)
<u>(4,381,267)</u>	<u>-</u>	<u>(4,381,267)</u>
<u>(41,918,039)</u>	<u>-</u>	<u>(41,918,039)</u>
-	(48,492)	(48,492)
-	(68,977)	(68,977)
<u>-</u>	<u>(117,469)</u>	<u>(117,469)</u>
<u>(41,918,039)</u>	<u>(117,469)</u>	<u>(42,035,508)</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2006

Functions/Programs

General Revenues:

Property tax levied for:

General purposes

Debt service

Capital outlay

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

\* = This amount excludes the depreciation that is included  
in the direct expense of the various programs.

See notes to basic financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 16,602,942	\$ -	\$ 16,602,942
3,625,571	-	3,625,571
1,383,971	-	1,383,971
19,940,735	-	19,940,735
1,129,329	3,897	1,133,226
388,024	-	388,024
<u>43,070,572</u>	<u>3,897</u>	<u>43,074,469</u>
1,152,533	(113,572)	1,038,961
<u>22,038,100</u>	<u>332,592</u>	<u>22,370,692</u>
<u>\$ 23,190,633</u>	<u>\$ 219,020</u>	<u>\$ 23,409,653</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2006

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and pooled investments	\$ 7,087,925	\$ -	\$ 9,512,843	\$ 2,060,149	\$ 18,660,917
Investments held by fiscal agent	-	19,206,797	-	-	19,206,797
Receivables:					
Property tax:					
Current year	106,630	25,286	-	17,140	149,056
Succeeding year	14,673,000	3,351,000	-	2,075,000	20,099,000
Accrued interest	-	-	46,637	-	46,637
Interfund receivable (note 3)	37,410	-	-	6,694	44,104
Accounts	13,735	-	-	18,206	31,941
Due from other governments	399,989	-	-	-	399,989
Prepaid expenses	216	-	-	-	216
Total assets	<u>\$ 22,318,905</u>	<u>\$ 22,583,083</u>	<u>\$ 9,559,480</u>	<u>\$ 4,177,189</u>	<u>\$ 58,638,657</u>



LINN-MAR COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2006

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 819,754	\$ 175	\$ 496,300	\$ 87,504	\$ 1,403,733
Salaries and benefits payable	4,184,086	-	-	2,924	4,187,010
Due to other governments	227,815	-	-	-	227,815
Interfund payable	6,694	13,632	-	23,778	44,104
Deferred revenue:					
Succeeding year property tax	14,673,000	3,351,000	-	2,075,000	20,099,000
Total liabilities	<u>19,911,349</u>	<u>3,364,807</u>	<u>496,300</u>	<u>2,189,206</u>	<u>25,961,662</u>
Fund balance:					
Reserved for:					
Prepaid expenses	216	-	-	-	216
State grants	3,631	-	-	-	3,631
Debt service	-	19,218,276	-	-	19,218,276
Unreserved:					
Designated:					
Board purposes	291,487	-	-	-	291,487
Reported in nonmajor Special					
Revenue Funds	-	-	-	1,987,983	1,987,983
Undesignated	2,112,222	-	9,063,180	-	11,175,402
Total fund balances	<u>2,407,556</u>	<u>19,218,276</u>	<u>9,063,180</u>	<u>1,987,983</u>	<u>32,676,995</u>
Total liabilities and fund balances	<u>\$ 22,318,905</u>	<u>\$ 22,583,083</u>	<u>\$ 9,559,480</u>	<u>\$ 4,177,189</u>	<u>\$ 58,638,657</u>

See notes to basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2006

Total fund balances of governmental funds	\$ 32,676,995
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	54,371,894
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(316,125)
Long-term liabilities, including early retirement, bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(63,542,131)</u>
Net assets of governmental activities	<u>\$ 23,190,633</u>
See notes to basic financial statements.	

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2006

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 15,500,786	\$ 3,623,935	\$ -	\$ 2,474,325	\$ 21,599,046
Tuition	1,205,786	-	-	-	1,205,786
Other	1,053,376	762,410	99,064	1,087,860	3,002,710
Intermediate sources	29,089	-	-	-	29,089
State sources	23,243,767	1,636	-	4,730	23,250,133
Federal sources	1,211,616	-	-	357	1,211,973
Total revenues	42,244,420	4,387,981	99,064	3,567,272	50,298,737
Expenditures:					
Current:					
Instruction	28,781,564	-	-	1,193,070	29,974,634
Support services:					
Student services	1,416,289	-	-	23,310	1,439,599
Instructional staff services	1,763,345	-	-	116,494	1,879,839
Administration services	3,610,782	-	-	152,979	3,763,761
Operation and maintenance of plant services	3,658,384	-	-	414,887	4,073,271
Transportation services	1,563,945	-	-	42,373	1,606,318
	12,012,745	-	-	750,043	12,762,788
Non-instructional programs	642	-	-	122,952	123,594
Other expenditures:					
Facilities acquisition	-	-	927,477	1,169,543	2,097,020
Long term debt:					
Principal	-	2,065,000	-	-	2,065,000
Interest and fiscal charges	-	2,561,488	-	-	2,561,488
AEA flowthrough	1,675,939	-	-	-	1,675,939
	1,675,939	4,626,488	927,477	1,169,543	8,399,447
Total expenditures	42,470,890	4,626,488	927,477	3,235,608	51,260,463
Excess (deficiency) of revenues over (under) expenditures	(226,470)	(238,507)	(828,413)	331,664	(961,726)

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2006

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Other financing sources (uses):					
General obligation refunding bonds issued	\$ -	\$ 14,333,551	\$ -	\$ -	\$ 14,333,551
General obligation bonds issued	-	-	9,891,593	-	9,891,593
General obligation bonds refunded	-	(5,015,000)	-	-	(5,015,000)
Total other financing sources (uses)	-	9,318,551	9,891,593	-	19,210,144
Net change in fund balances	(226,470)	9,080,044	9,063,180	331,664	18,248,418
Fund balances beginning of year	2,634,026	10,138,232	-	1,656,319	14,428,577
Fund balances end of year	\$ <u>2,407,556</u>	\$ <u>19,218,276</u>	\$ <u>9,063,180</u>	\$ <u>1,987,983</u>	\$ <u>32,676,995</u>

See notes to basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2006

Net change in fund balances - total governmental funds \$ 18,248,418

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Capital outlays to purchase or build capital assets are reported in  
governmental funds as expenditures. However, those costs are reported  
in the Statement of Net Assets and are allocated over their estimated useful  
lives as depreciation expense in the Statement of Activities. The amounts  
of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 2,294,823	
Depreciation expense	<u>(1,988,209)</u>	306,614

Repayment of long-term liabilities is an expenditure in the governmental  
funds, but it reduces long-term liabilities in the Statement of Net Assets. 2,065,000

Interest on long-term debt in the Statement of Activities differs from the  
amount reported in the governmental funds because interest is recorded as  
an expenditure in the funds when due. In the Statement of Activities,  
however, interest expense is recognized as the interest accrues, regardless  
of when it is due. In addition, bond discount expenses and accrued interest  
receivable are netted to bond proceeds in governmental funds but recorded  
as revenue and expenses in the Statement of Activities.

Interest revenue	35,381	
Interest expense	(68,248)	
Issuance costs (net)	<u>(50,237)</u>	(83,104)

Some expenses reported in the Statement of Activities do not require the use  
of current financial resources and, therefore, are not reported as  
expenditures in governmental funds.

Early retirement	(98,158)	
Compensated absences	<u>(76,093)</u>	(174,251)

LINN-MAR COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2006

Proceeds of general obligation bonds used to advance refund outstanding  
bonds are an other financing use of current financial resources in  
governmental funds but decrease long-term liabilities in the Statement of  
Net Assets and do not affect the Statement of Activities. \$ 5,015,000

Proceeds from issuing long-term liabilities provide current financial resources  
to governmental funds but increase long-term liabilities in the Statement of  
Net Assets and do not affect the Statement of Activities. (24,225,144)

Change in net assets of governmental activities \$ 1,152,533

See notes to basic financial statements.

## LINN-MAR COMMUNITY SCHOOL DISTRICT

## STATEMENT OF NET ASSETS

## PROPRIETARY FUND

June 30, 2006

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 59,489
Accounts receivable	194
Due from other governments	3,294
Inventories	32,446
Capital assets, net of accumulated depreciation (note 5)	<u>230,113</u>
Total assets	<u>325,536</u>
Liabilities	
Accounts payable	2,038
Salaries and benefits payable	72,117
Deferred revenue:	
Other	<u>32,361</u>
Total liabilities	<u>106,516</u>
Net Assets	
Invested in capital assets	230,113
Unrestricted	<u>(11,093)</u>
Total net assets	<u>\$ 219,020</u>

See notes to basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
Year Ended June 30, 2006

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>1,376,066</u>
Operating expenses:	
Support services:	
Food service operations:	
Purchased services	28,819
Supplies	<u>19,673</u>
	<u>48,492</u>
Non-instructional programs:	
Food service operations:	
Salaries	803,563
Benefits	105,348
Purchased services	6,769
Supplies	975,954
Depreciation	<u>35,608</u>
	<u>1,927,242</u>
Total expenses	<u>1,975,734</u>
Operating loss	<u>(599,668)</u>
Non-operating revenues:	
Interest on investments	3,897
State sources	27,452
Federal sources	<u>454,747</u>
Total non-operating revenues	<u>486,096</u>
Change in net assets	(113,572)
Net assets beginning of year	<u>332,592</u>
Net assets end of year	\$ <u><u>219,020</u></u>

See notes to basic financial statements.



LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2006

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,356,102
Cash received from miscellaneous operating activities	7,947
Cash payments to employees for services	(902,595)
Cash payments to suppliers for goods or services	<u>(947,525)</u>
Net cash used by operating activities	<u>(486,071)</u>
Cash flows from non-capital financing activities:	
State grants received	27,452
Federal grants received	<u>375,377</u>
Net cash provided by non-capital financing activities	<u>402,829</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(43,054)</u>
Cash flows from investing activities:	
Interest on investments	<u>3,897</u>
Net decrease in cash and cash equivalents	(122,399)
Cash and cash equivalents beginning of year	<u>181,888</u>
Cash and cash equivalents end of year	<u>\$ 59,489</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2006

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (599,668)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	35,608
Commodities used	76,076
Decrease in accounts receivable	6,446
Decrease in inventories	5,586
Increase in accounts payable	2,028
Increase in salaries and benefits payable	6,316
(Decrease) in deferred revenues	<u>(18,463)</u>
Net cash used by operating activities	<u>\$ (486,071)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2006, the District received \$76,076 of federal commodities.

See notes to basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
June 30, 2006

	<u>Agency</u>
Assets:	
Cash and pooled investments	\$ <u>43,226</u>
Liabilities:	
Flex benefits payable	\$ <u>43,226</u>

See notes to basic financial statements.

# LINN-MAR COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

### Note 1. Summary of Significant Accounting Policies

Linn-Mar Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Marion, Iowa, portions of the Cities of Robbins and Cedar Rapids, Iowa, and portions of the agricultural territory in Linn County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Linn-Mar Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Linn-Mar Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Linn County Assessor's Conference Board.

#### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District's proprietary fund is the Enterprise, School Nutrition Fund, used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The Government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

All proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the statement of net assets and the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2005.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been repaid or received as of June 30, 2006, balances of interfund amounts receivable or payable have been recorded in the financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

# LINN-MAR COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

### Note 1. Summary of Significant Accounting Policies (continued)

#### D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the Government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1
Buildings	1,000
Improvements other than buildings	1,000
Furniture and equipment:	
School Nutrition Fund Equipment	500
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned meal revenues.



LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the Government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities – In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the Government-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the Government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, expenditures/expenses in the instruction and non-instructional programs functions exceeded the amounts budgeted.

Note 2. Cash and Pooled Investments

As of June 30, 2006, the carrying amount of the District's bank deposits and pooled investments totaled \$37,970,429 with bank balances of \$38,295,879. These amounts are included in the cash and pooled investments and investments held by fiscal agent lines on the Government-wide statement of net assets, the governmental funds balance sheet, the proprietary funds statement of net assets and the fiduciary funds statement of assets and liabilities. Of the bank balance, \$200,000 was covered by Federal depository insurance and \$38,095,879 was collateralized by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 2. Cash and Pooled Investments (continued)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Details of the Districts investments at June 30, 2006, are as follows:

	<u>Amortized Cost</u>
U.S. Treasury Notes	\$ 19,206,797
Iowa Schools Joint Investment Trust, Diversified Portfolio	<u>7,527,397</u>
Total	<u>\$ 26,734,194</u>

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in U.S. Treasury notes are stated at fair value.

Interest rate risk – The District’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody’s Investors Service. The investments in U.S. Treasury notes are not subject to credit rating.

# LINN-MAR COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

### Note 3. Interfund Receivables/Payables

The detail of interfund receivable/payables for the year ended June 30, 2006 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Amounts due to pooled cash and investments:		
General	Debt Service	\$ 13,632
Amounts due to transactions between funds:		
Special Revenue Fund, Student Activity	General	6,694
General	Special Revenue Fund, Student Activity	<u>23,778</u>
Total		\$ <u><u>44,104</u></u>

These interfund balances arise from pooled cash transactions and timing differences involved in the reimbursement of expenses at year end between the General Fund and the Special Revenue Fund, Student Activity. These balances have been eliminated from the Government-wide Statement of Net Assets.

### Note 4. Short-term Interfund Financing

During the year ended June 30, 2006, the District approved a \$75,000 short-term loan from the General Fund to the Special Revenue, Management Levy Fund. The District also approved a \$75,000 short-term loan from the Special Revenue, Physical Plant and Equipment Levy Fund to the Special Revenue, Management Levy Fund. All short-term loans were repaid by June 30, 2006.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2006 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,123,249	\$ 336,013	\$ -	\$ 1,459,262
Construction in progress	774,215	1,320,449	1,049,517	1,045,147
Total capital assets not being depreciated	<u>1,897,464</u>	<u>1,656,462</u>	<u>1,049,517</u>	<u>2,504,409</u>
Capital assets being depreciated:				
Buildings	60,684,622	1,038,742	-	61,723,364
Improvements other than buildings	2,228,267	88,747	-	2,317,014
Furniture and equipment	8,347,023	560,389	57,627	8,849,785
Total capital assets being depreciated	<u>71,259,912</u>	<u>1,687,878</u>	<u>57,627</u>	<u>72,890,163</u>
Less accumulated depreciation for:				
Buildings	12,512,573	1,310,716	-	13,823,289
Improvements other than buildings	365,342	107,920	-	473,262
Furniture and equipment	6,214,181	569,573	57,627	6,726,127
Total accumulated depreciation	<u>19,092,096</u>	<u>1,988,209</u>	<u>57,627</u>	<u>21,022,678</u>
Total capital assets being depreciated, net	<u>52,167,816</u>	<u>(300,331)</u>	<u>-</u>	<u>51,867,485</u>
Governmental activities capital assets, net	<u>\$ 54,065,280</u>	<u>\$ 1,356,131</u>	<u>\$ 1,049,517</u>	<u>\$ 54,371,894</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 467,829	\$ 43,054	\$ -	\$ 510,883
Less accumulated depreciation	245,162	35,608	-	280,770
Business-type activities capital assets, net	<u>\$ 222,667</u>	<u>\$ 7,446</u>	<u>\$ -</u>	<u>\$ 230,113</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction:

Regular	\$ 184,338
Special	61,487
Other	21,509

Support services:

Administration	18,937
Operation and maintenance of plant services	32,222
Transportation	251,080
	<u>569,573</u>
Unallocated depreciation	<u>1,418,636</u>

Total governmental activities depreciation expense \$ 1,988,209

Business-type activities:

Food service operations	<u>\$ 35,608</u>
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# LINN-MAR COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

### Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

	Early Retirement	General Obligation Bonds	Compensated Absences	Total
Balance beginning of year	\$ 577,080	\$ 45,265,000	\$ 365,800	\$ 46,207,880
Additions	369,151	24,240,000	441,893	25,051,044
Reductions	270,993	7,080,000	365,800	7,716,793
Balance end of year	<u>\$ 675,238</u>	<u>\$ 62,425,000</u>	<u>\$ 441,893</u>	<u>\$ 63,542,131</u>
Due within one year	<u>\$ 350,339</u>	<u>\$ 1,990,000</u>	<u>\$ 441,893</u>	<u>\$ 2,782,232</u>

#### Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed twenty years of service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay, multiplied by 50 percent, plus all unused personal days compensated for at the rate of substitute pay used during the last year of service. Employees may also elect to continue participation in the District's group health insurance plan until age 65 or until insurance is acquired elsewhere. This participation is at the employee's expense with the exception that any unused personal days or separation compensation may be used to cover the cost of premiums.

At June 30, 2006, the District had obligations to 39 participants with a total liability of \$675,238. Actual early retirement expenditures for the year ended June 30, 2006 totaled \$270,993 and are recorded as an expenditure of the non-major Special Revenue Fund, Management Levy. Early retirement is recorded as a long-term liability of the Governmental Activities in the Government-wide financial statements.

#### Bonds Payable

On July 1, 2005, the District issued \$9,225,000 of general obligation school refunding bonds with interest rates from 3.250% to 4.125% to crossover refund the June 1, 2001 general obligation bonds with interest rates from 4.05% to 5.0%. The net proceeds from the issuance of the July 1, 2005 refunding bonds of \$9,256,345 were placed in escrow and will be used to refund the July 1, 2001 bonds on their call date of June 1, 2008. This is a crossover refunding agreement and does not meet the requirements of a debt defeasance. Therefore, the June 1, 2001 bonds will remain as a long-term liability of the District until the call date of June 1, 2008.

As a result of the crossover funding, the District reduced its total debt service requirements by \$422,090 which resulted in a net present value economic gain of \$292,490.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

On April 1, 2006, the District issued \$5,015,000 of general obligation school refunding bonds with interest rates of 3.875% to advance refund the April 1, 1998 general obligation school refunding bonds with interest rates from 4.45% to 5.00%. The net proceeds from the issuance of the April 1, 2006 refunding bonds of \$5,077,206 were used to advance refund the April 1, 1998 general obligation refunding bonds. This is an advance refunding agreement and meets all requirements for a debt defeasance. Therefore, the April 1, 1998 general obligation refunding bonds have been removed as a long-term liability of the District.

As a result of the advance refunding, the District reduced its total debt service requirements by \$163,596 which resulted in a net present value economic gain of \$162,379.

On May 1, 2006, the District issued \$10,000,000 of general obligation school bonds with interest rates of 4.25%. The proceeds will be used for several construction projects for new buildings and renovations of existing buildings.

The bond issue dated February 1, 1998 will be refunded on the call date of February 1, 2007, using funds held in escrow for the District by a fiscal agent.

Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of February 1, 1998				Bond Issue of March 1, 1999			
	Interest Rate	Principal	Interest		Interest Rate	Principal	Interest	
2007	4.500 %	\$ 1,005,000	\$ 527,340		4.000 %	\$ 70,000	\$ 312,392	
2008	4.500	1,055,000	-		4.100	75,000	309,593	
2009	4.600	1,110,000	-		4.200	75,000	306,517	
2010	4.700	1,170,000	-		4.300	80,000	303,368	
2011	4.800	1,230,000	-		4.400	85,000	299,928	
2012-2016	4.800-5.000	4,625,000	-		4.400-4.550	5,580,000	1,191,822	
2017-2021	5.000	875,000	-		4.550	1,000,000	45,500	
2022-2026	-	-	-		-	-	-	
		<u>\$ 11,070,000</u>	<u>\$ 527,340</u>			<u>\$ 6,965,000</u>	<u>\$ 2,769,120</u>	

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 1, 2001			Bond Issue of May 1, 2005		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2007	4.050 %	\$ 450,000	\$ 470,558	- %	\$ -	\$ 381,238
2008	4.150	510,000	452,332	3.000	1,115,000	381,238
2009	4.250	530,000	-	3.250	1,155,000	347,787
2010	4.400	550,000	-	3.500	1,205,000	310,250
2011	4.600	575,000	-	3.750	1,250,000	268,075
2012-2016	4.600-4.800	3,270,000	-	4.000	4,585,000	680,800
2017-2021	4.850-5.000	4,115,000	-	4.500	840,000	37,800
2022-2026	-	-	-	-	-	-
		<u>\$ 10,000,000</u>	<u>\$ 922,890</u>		<u>\$ 10,150,000</u>	<u>\$ 2,407,188</u>

Year Ending June 30,	Bond Issue of July 1, 2005			Bond Issue of April 1, 2006		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2007	3.250 %	\$ -	\$ 356,588	3.875 %	\$ 465,000	\$ 210,526
2008	3.250	-	356,587	3.875	690,000	176,312
2009	3.250	575,000	356,588	3.875	715,000	149,575
2010	3.500	590,000	337,900	3.875	745,000	121,869
2011	3.500	610,000	317,250	3.875	770,000	93,000
2012-2016	3.750-4.000	3,375,000	1,230,475	3.875	1,630,000	95,325
2017-2021	4.000-4.125	4,075,000	507,300	-	-	-
2022-2026	-	-	-	-	-	-
		<u>\$ 9,225,000</u>	<u>\$ 3,462,688</u>		<u>\$ 5,015,000</u>	<u>\$ 846,607</u>



LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Year Ending June 30,	Bond Issue of May 1, 2006			Total	
	Interest Rate	Principal	Interest	Principal	Interest
2007	4.250 %	\$ -	\$ 425,000	\$ 1,990,000	\$ 2,683,642
2008	4.250	-	425,000	3,445,000	2,101,062
2009	4.250	-	425,000	4,160,000	1,585,467
2010	4.250	-	425,000	4,340,000	1,498,387
2011	4.250	-	425,000	4,520,000	1,403,253
2012-2016	4.250	-	2,125,000	23,065,000	5,323,422
2017-2021	4.250	-	2,125,000	10,905,000	2,715,600
2022-2026	4.250	10,000,000	1,751,425	10,000,000	1,751,425
		<u>\$ 10,000,000</u>	<u>\$ 8,126,425</u>	<u>\$ 62,425,000</u>	<u>\$ 19,062,258</u>

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute.

The District's contributions to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$1,521,082, \$1,381,968, and \$1,282,740 respectively, equal to the required contributions for each year.

Note 8. Risk Management

Self-Insurance

Health – Six public education entities are currently participating in a 28E organization which was established in 1990 to provide a self-insurance plan for employee medical coverage. The Districts contribute to the self-insurance plan an amount equal to 125% of Blue Cross/Blue Shield projections of the rating period. The fund re-insures for stop-loss insurance for claims in excess of \$100,000 per year per individual. An insurance carrier is paid an administrative fee to process the claims.

The total premium paid into the plan by all six members from July 1, 2004 to June 30, 2005 (latest available audited financial statements) was \$25,183,390, of which \$2,767,119 was paid by Linn-Mar Community School District.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 8. Risk Management (continued)

Linn-Mar Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,675,939 for the year ended June 30, 2006 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Construction Commitments

The District entered into a contract totaling \$466,868 for the site preparation of an elementary school. As of June 30, 2006, costs of \$58,721 had been incurred against the contract. The balance of \$408,147 remaining at June 30, 2006 will be paid as work on the project progresses.

Note 11. Subsequent Event

At various dates subsequent to June 30, 2006, the District approved construction contracts totaling \$25,798,068 for various construction projects including a high school renovation project and construction of two new elementary school buildings. The projects will be funded primarily through the issuance of general obligation bonds.

## Required Supplementary Information

# LINN-MAR COMMUNITY SCHOOL DISTRICT

## Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund Required Supplementary Information Year Ended June 30, 2006

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 25,807,542	\$ 1,379,963	\$ 27,187,505	\$ 26,111,031	\$ 26,111,031	\$ 1,076,474
Intermediate sources	29,089	-	29,089	124,000	124,000	(94,911)
State sources	23,250,133	27,452	23,277,585	23,345,982	23,345,982	(68,397)
Federal sources	1,211,973	454,747	1,666,720	1,379,020	1,379,020	287,700
Total revenues	50,298,737	1,862,162	52,160,899	50,960,033	50,960,033	1,200,866
<b>EXPENDITURES/EXPENSES:</b>						
Instruction	29,974,634	-	29,974,634	29,017,991	29,932,243	(42,391)
Support services	12,762,788	48,492	12,811,280	13,638,562	13,239,834	428,554
Non-instructional programs	123,594	1,927,242	2,050,836	1,875,000	1,901,111	(149,725)
Other expenditures	8,399,447	-	8,399,447	6,898,225	13,266,725	4,867,278
Total expenditures/ expenses	51,260,463	1,975,734	53,236,197	51,429,778	58,339,913	5,103,716
Excess (deficiency) of revenues over (under) expenditures/ expenses	(961,726)	(113,572)	(1,075,298)	(469,745)	(7,379,880)	6,304,582
Other financing sources, net	19,210,144	-	19,210,144	-	-	19,210,144
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	18,248,418	(113,572)	18,134,846	(469,745)	(7,379,880)	25,514,726
Balance beginning of year	14,428,577	332,592	14,761,169	4,508,008	4,508,008	10,253,161
Balance end of year	\$ <u>32,676,995</u>	\$ <u>219,020</u>	\$ <u>32,896,015</u>	\$ <u>4,038,263</u>	\$ <u>(2,871,872)</u>	\$ <u>35,767,887</u>

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2006

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared according to U.S. generally accepted accounting principles. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$6,910,135.

During the year ended June 30, 2006, expenditures in the instruction and non-instructional programs functions exceeded the amounts budgeted.

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## Other Supplementary Information

## LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2006

	Special Revenue				
	Management Levy	Student Activity	Public Education and Recreation Levy	Physical Plant and Equipment Levy	Total
Assets					
Cash and pooled investments	\$ 459,868	\$ 182,504	\$ 373,353	\$ 1,044,424	\$ 2,060,149
Receivables:					
Property tax:					
Current year	7,533	-	1,110	8,497	17,140
Succeeding year	847,000	-	144,000	1,084,000	2,075,000
Interfund receivable	-	6,694	-	-	6,694
Accounts	-	18,206	-	-	18,206
Total assets	\$ <u>1,314,401</u>	\$ <u>207,404</u>	\$ <u>518,463</u>	\$ <u>2,136,921</u>	\$ <u>4,177,189</u>
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	\$ 33,075	\$ -	\$ 54,429	\$ 87,504
Salaries and benefits payable	-	1,061	1,863	-	2,924
Interfund payable	-	23,778	-	-	23,778
Deferred revenue:					
Succeeding year property tax	847,000	-	144,000	1,084,000	2,075,000
Total liabilities	<u>847,000</u>	<u>57,914</u>	<u>145,863</u>	<u>1,138,429</u>	<u>2,189,206</u>
Fund equity:					
Fund balances:					
Unreserved:					
Undesignated	<u>467,401</u>	<u>149,490</u>	<u>372,600</u>	<u>998,492</u>	<u>1,987,983</u>
Total liabilities and fund equity	\$ <u>1,314,401</u>	\$ <u>207,404</u>	\$ <u>518,463</u>	\$ <u>2,136,921</u>	\$ <u>4,177,189</u>

See accompanying independent auditor's report.



## LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2006

	Special Revenue				Total
	Management Levy	Student Activity	Public Education and Recreation Levy	Physical Plant and Equipment Levy	
Revenues:					
Local sources:					
Local tax	\$ 1,090,977	\$ -	\$ 164,310	\$ 1,219,038	\$ 2,474,325
Other	90,423	861,384	60,695	75,358	1,087,860
State sources	4,106	-	74	550	4,730
Federal sources	-	-	-	357	357
Total revenues	<u>1,185,506</u>	<u>861,384</u>	<u>225,079</u>	<u>1,295,303</u>	<u>3,567,272</u>
Expenditures:					
Current:					
Instruction	339,034	848,272	-	5,764	1,193,070
Support services:					
Student services	23,310	-	-	-	23,310
Instructional staff services	14,851	-	-	101,643	116,494
Administration services	53,309	-	-	99,670	152,979
Operation and maintenance of plant services	357,153	-	1,562	56,172	414,887
Transportation services	42,373	-	-	-	42,373
Non instructional programs	-	-	122,952	-	122,952
Other expenditures:					
Facilities acquisition	-	-	9,121	1,160,422	1,169,543
Total expenditures	<u>830,030</u>	<u>848,272</u>	<u>133,635</u>	<u>1,423,671</u>	<u>3,235,608</u>
Excess (deficiency) of revenues over (under) expenditures	355,476	13,112	91,444	(128,368)	331,664
Fund balances beginning of year	<u>111,925</u>	<u>136,378</u>	<u>281,156</u>	<u>1,126,860</u>	<u>1,656,319</u>
Fund balances end of year	<u>\$ 467,401</u>	<u>\$ 149,490</u>	<u>\$ 372,600</u>	<u>\$ 998,492</u>	<u>\$ 1,987,983</u>

See accompanying independent auditor's report.

## LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2006

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
District-Wide Activities	\$ 1,245	\$ 7,758	\$ 2,124	\$ 6,879
HS Athletics	28,882	338,181	347,594	19,469
HS Activities	51,214	423,831	407,052	67,993
JR Activities	44,396	79,906	86,380	37,922
Middle School Athletics	-	4,865	-	4,865
Elementary District-Wide Activities	2,641	-	-	2,641
Indian Creek Elementary	1,053	2,265	1,321	1,997
Novak Elementary	964	230	549	645
Bowman Woods Elementary	3,596	4,348	3,252	4,692
Activity Administration	2,387	-	-	2,387
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ <u>136,378</u>	\$ <u>861,384</u>	\$ <u>848,272</u>	\$ <u>149,490</u>

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$ 31,844	\$ 365,897	\$ 354,515	\$ 43,226
Accounts receivable	345	-	345	-
	<u>32,189</u>	<u>365,897</u>	<u>354,860</u>	<u>43,226</u>
Total assets	\$ <u>32,189</u>	\$ <u>365,897</u>	\$ <u>354,860</u>	\$ <u>43,226</u>
Liabilities				
Flex benefits payable	\$ <u>32,189</u>	\$ <u>365,897</u>	\$ <u>354,860</u>	\$ <u>43,226</u>

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2006	2005	2004	2003
Revenues:				
Local sources:				
Local tax	\$ 21,599,046	\$ 20,403,652	\$ 18,611,587	\$ 17,570,145
Tuition	1,205,786	1,253,420	1,051,953	967,069
Other	3,002,710	2,045,578	1,790,888	2,234,570
Intermediate sources	29,089	7,455	-	28,111
State sources	23,250,133	21,001,096	19,492,157	19,216,125
Federal sources	1,211,973	962,098	1,179,748	1,107,290
Total revenues	<u>\$ 50,298,737</u>	<u>\$ 45,673,299</u>	<u>\$ 42,126,333</u>	<u>\$ 41,123,310</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 20,081,135	\$ 19,256,565	\$ 17,048,202	\$ 16,072,350
Special instruction	6,698,239	5,177,116	5,760,503	5,128,976
Other instruction	3,195,260	3,063,259	2,266,284	2,104,178
Support services:				
Student services	1,439,599	1,250,165	1,648,627	1,489,379
Instructional staff services	1,879,839	1,609,526	2,055,120	1,727,303
Administration services	3,763,761	3,404,941	3,225,940	2,860,983
Operation and maintenance of plant services	4,073,271	3,819,241	3,116,221	2,743,483
Transportation services	1,606,318	1,509,554	1,283,566	1,099,100
Central and other support services	-	-	89,770	214,611
Non-instructional programs	123,594	35,199	29,200	31,047
Other expenditures:				
Facilities acquisition	2,097,020	1,997,781	3,144,501	12,168,358
Long-term debt:				
Principal	2,065,000	1,965,000	1,875,000	1,775,000
Interest and fiscal charges	2,561,488	1,876,949	1,792,285	1,862,159
AEA flowthrough	1,675,939	1,522,333	1,452,261	1,485,575
Total expenditures	<u>\$ 51,260,463</u>	<u>\$ 46,487,629</u>	<u>\$ 44,787,480</u>	<u>\$ 50,762,502</u>

See accompanying independent auditor's report.

## Statistical Section

# LINN-MAR COMMUNITY SCHOOL DISTRICT

## NET ASSETS BY COMPONENT

Last Four Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 12,343,975	\$ 17,765,683	\$ 18,950,280	\$ 20,216,871
Restricted	1,877,350	1,862,379	1,544,394	1,520,582
Unrestricted	6,547,920	1,296,870	1,543,426	1,453,180
Total Governmental activities net assets	20,769,245	20,924,932	22,038,100	23,190,633
Business-type activities				
Invested in capital assets, net of related debt	166,505	251,625	222,667	230,113
Restricted	-	-	-	-
Unrestricted	111,532	103,353	109,925	(11,093)
Total business-type activities net assets	278,037	354,978	332,592	219,020
Primary government				
Invested in capital assets, net of related debt	12,510,480	18,017,308	19,172,947	20,446,984
Restricted	1,877,350	1,862,379	1,544,394	1,520,582
Unrestricted	6,659,452	1,400,223	1,653,351	1,442,087
Total primary government net assets	21,047,282	21,279,910	22,370,692	23,409,653

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2006 are available.

Source: School District Financial Records

## LINN-MAR COMMUNITY SCHOOL DISTRICT

## EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE

Last Four Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
Regular Instruction	\$ 16,139,361	\$ 17,039,534	\$ 19,081,962	\$ 20,178,989
Special Instruction	5,150,466	5,757,573	5,164,314	6,679,381
Other Instruction	2,099,637	2,218,068	3,059,878	3,188,662
Student Services	1,489,379	1,648,627	1,223,482	1,412,916
Instructional Staff Services	1,727,303	2,055,120	1,605,511	1,899,314
Administration Services	2,870,739	3,271,431	3,378,697	3,763,183
Operation and Maintenance of Plant Services	2,752,614	3,207,633	3,846,824	4,095,267
Transportation Services	1,201,064	1,434,039	1,888,372	1,703,145
Central Services*	214,611	89,770	-	-
Non-Instructional Programs	31,047	29,200	35,199	123,594
Facilities Acquisition	-	946,714	547,102	362,586
Long-term debt interest and fiscal changes	1,854,262	1,783,718	1,841,270	2,679,973
AEA Flowthrough	1,485,575	1,452,261	1,522,333	1,675,939
Depreciation (unallocated)	987,826	1,036,958	1,365,187	1,418,636
Total governmental activities expenses	38,003,884	41,970,646	44,560,131	49,181,585
Business-Type Activities:				
Food Service Operations	1,358,071	1,621,131	1,737,249	1,975,734
Total primary government expense	39,361,955	43,591,777	46,297,380	51,157,319

## LINN-MAR COMMUNITY SCHOOL DISTRICT

## EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE

Last Four Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 1,824,369	\$ 2,614,374	\$ 2,583,797	\$ 2,636,136
Support Services	400,659	98,871	118,012	324,150
Facilities Acquisition	-	21,291	2,222	15,869
Operating Grants and Contributions	3,413,166	3,212,119	3,861,964	4,223,332
Capital Grants and Contributions	564,664	655,602	-	64,059
Total governmental activities program revenues	6,202,858	6,602,257	6,565,995	7,263,546
Business-Type Activities:				
Food Service Operations:				
Charges for Services	1,069,697	1,188,254	1,255,687	1,376,066
Operating Grants and Contributions	311,174	390,243	457,601	482,199
Capital Grants and Contributions	-	118,253	-	-
Total business-type activities program revenues	1,380,871	1,696,750	1,713,288	1,858,265
Total primary government program revenues	7,583,729	8,299,007	8,279,283	9,121,811
<b>Net (Expense)/Revenue</b>				
Total Governmental Activities net expense	(31,801,026)	(35,368,389)	(37,994,136)	(41,918,039)
Total business-type activities net (expense) revenue	22,800	75,619	(23,961)	(117,469)
Total primary government net expense	\$ (31,778,226)	\$ (35,292,770)	\$ (38,018,097)	\$ (42,035,508)

Notes: The District began to report accrual information when it implemented GASB Statement 34 in 2003.

\* The District's central services expenditures were reallocated to other functions in the 2005 and 2006 fiscal years.

Source: School District Financial Records



LINN-MAR COMMUNITY SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

Last Four Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>				
Total Governmental Activities net expense	\$ (31,801,026)	\$ (35,368,389)	\$ (37,994,136)	\$ (41,918,039)
Total business-type activities net (expense) revenue	22,800	75,619	(23,961)	(117,469)
Total primary government net expense	<u>\$ (31,778,226)</u>	<u>\$ (35,292,770)</u>	<u>\$ (38,018,097)</u>	<u>\$ (42,035,508)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Property tax levied for:*				
General purposes	\$ 13,007,184	\$ 13,825,403	\$ 15,597,005	\$ 16,602,942
Debt service	3,353,356	3,527,896	3,618,618	3,625,571
Capital outlay	1,209,605	1,267,743	1,197,792	1,383,971
Unrestricted state grants	16,373,697	16,741,241	18,313,369	19,940,735
Unrestricted investment earnings	484,146	94,877	147,868	1,129,329
Other	492,574	66,916	232,652	388,024
Total general revenues	<u>34,920,562</u>	<u>35,524,076</u>	<u>39,107,304</u>	<u>43,070,572</u>
Business-type activities:				
Unrestricted investment earnings	<u>1,501</u>	<u>1,322</u>	<u>1,575</u>	<u>3,897</u>
Total primary government	<u>34,922,063</u>	<u>35,525,398</u>	<u>39,108,879</u>	<u>43,074,469</u>
<b>Changes in Net Assets</b>				
Governmental activities	3,119,536	155,687	1,113,168	1,152,533
Business-type activities	<u>24,301</u>	<u>76,941</u>	<u>(22,386)</u>	<u>(113,572)</u>
Total primary government	<u>\$ 3,143,837</u>	<u>\$ 232,628</u>	<u>\$ 1,090,782</u>	<u>\$ 1,038,961</u>

Notes: The District began to report accrual information when it implemented GASB Statement 34 in 2003.

\*Changes in property tax revenues are a product of underlying changes in property values and tax rates.  
See Schedules on pages 92, 94-95 and 121.

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)

	Fiscal Year			
	1997	1998	1999	2000
General Fund:				
Reserved*	\$ 53,452	\$ 154,393	\$ 141,645	\$ 275,096
Unreserved, Designated*	-	-	-	-
Unreserved, Undesignated	100,152	1,314,714	2,627,993	3,160,473
Total general fund	<u>\$ 153,604</u>	<u>\$ 1,469,107</u>	<u>\$ 2,769,638</u>	<u>\$ 3,435,569</u>
All Other Governmental Funds:				
Reserved	\$ 90,555	\$ 99,670	\$ 191,195	\$ 301,246
Unreserved, reported in:				
Management fund	647,069	598,275	593,137	590,786
Student Activity fund	219,443	188,111	124,097	122,771
Public Education and Recreation Levy fund	136,447	185,730	240,926	257,712
Physical Plant and Equipment Levy fund	918,286	1,328,284	1,598,153	1,814,616
Capital Projects fund	6,906,816	23,155,671	8,546,764	869,413
Total all other governmental funds	<u>\$ 8,918,616</u>	<u>\$ 25,555,741</u>	<u>\$ 11,294,272</u>	<u>\$ 3,956,544</u>

Notes: \* Reserved fund balances have fluctuated over the past ten years due to the state of Iowa's view on how categorical funds could be spent. Pre 9-11 era, the state of Iowa required schools to reserve any unspent categorical funds. Since then, they have opened the door somewhat and allowed schools to spend some of the categorical funds to support general programming, thus the drop off of reserved balances in 2002 and 2003. In 2004 and on, the District has reserved funds in support of the self insurance plan and designated funds for the opening of new facilities.

Source: School District Financial Records

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	222,038	\$ -	\$ -	\$ 196,692	\$ 111,397	\$ 3,847
	-	-	-	-	-	291,487
	<u>3,356,452</u>	<u>3,010,114</u>	<u>3,801,967</u>	<u>2,364,453</u>	<u>2,522,629</u>	<u>2,112,222</u>
\$	<u><u>3,578,490</u></u>	<u><u>3,010,114</u></u>	<u><u>3,801,967</u></u>	<u><u>2,561,145</u></u>	<u><u>2,634,026</u></u>	<u><u>2,407,556</u></u>
\$	462,979	\$ 514,124	\$ 243,380	\$ 112,171	\$ 10,138,232	\$ 19,218,276
	496,647	268,135	32,613	(65,838)	111,925	467,401
	103,794	183,421	98,320	135,096	136,378	149,490
	341,749	407,612	519,067	422,865	281,156	372,600
	1,742,397	1,645,321	1,218,498	1,304,418	1,126,860	998,492
	<u>10,096,947</u>	<u>11,195,391</u>	<u>1,750,001</u>	<u>532,842</u>	-	<u>9,063,180</u>
\$	<u><u>13,244,513</u></u>	<u><u>14,214,004</u></u>	<u><u>3,861,879</u></u>	<u><u>2,441,554</u></u>	<u><u>11,794,551</u></u>	<u><u>30,269,439</u></u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	1997	1998	1999	2000
Local Sources:				
Property Taxes	\$ 10,318,890	\$ 12,374,720	\$ 13,864,590	\$ 14,540,986
Tuition	946,727	1,057,068	1,098,296	985,290
Other	1,341,472	2,121,367	2,592,747	1,923,924
Intermediate Sources	16,933	3,295	10,257	51,466
State Sources	12,016,174	13,093,729	14,035,596	15,975,475
Federal Sources*	214,434	206,800	355,007	291,708
Total Revenues	<u>\$ 24,854,630</u>	<u>\$ 28,856,979</u>	<u>\$ 31,956,493</u>	<u>\$ 33,768,849</u>

Notes: \* The District received money from the federal government for flood damage and construction grants during the fiscal 2003 and 2004 school years. Since then our state and federal dollars have increased to support special education and title programs.

Source: School District Financial Records

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	14,778,622	\$ 16,288,634	\$ 17,570,145	\$ 18,611,587	\$ 20,403,652	\$ 21,599,046
	1,015,513	1,127,609	967,069	1,051,953	1,253,420	1,205,786
	2,135,681	1,979,886	2,234,570	1,790,888	2,045,578	3,002,710
	15,714	13,974	28,111	-	7,455	29,089
	17,460,907	17,803,210	19,216,125	19,492,157	21,001,096	23,250,133
	351,237	449,850	1,107,290	1,179,748	962,098	1,211,973
\$	<u><u>35,757,674</u></u>	\$ <u><u>37,663,163</u></u>	\$ <u><u>41,123,310</u></u>	\$ <u><u>42,126,333</u></u>	\$ <u><u>45,673,299</u></u>	\$ <u><u>50,298,737</u></u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO

Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)

	Fiscal Year			
	1997	1998	1999	2000
Instruction	\$ 14,464,300	\$ 15,413,216	\$ 17,072,747	\$ 18,667,098
Student services	958,350	1,024,471	1,121,826	1,349,642
Instructional staff services	1,246,681	1,295,679	1,659,463	2,033,204
Administration services	2,112,316	2,147,819	2,139,049	2,443,647
Operations and maintenance of plant services	1,495,971	1,568,040	1,645,184	2,020,775
Transportation services	688,798	895,773	837,477	998,518
Central and other support services*	68,710	72,448	112,863	136,797
Non-instructional programs	58,551	62,512	59,945	64,994
Facilities acquisition/construction	871,567	2,948,777	16,283,919	8,684,998
Debt service:				
Principal	630,000	1,179,500	1,260,000	1,235,000
Interest and fiscal charges	541,920	1,200,501	1,539,273	1,534,499
AEA flowthrough	1,011,235	1,098,605	1,188,863	1,271,474
	<u>\$ 24,148,399</u>	<u>\$ 28,907,341</u>	<u>\$ 44,920,609</u>	<u>\$ 40,440,646</u>

Debt service as a percentage of noncapital expenditures

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2006 are available for the debt service percentage of noncapital expenditures.

\*The District's central services expenditures were reallocated other functions in the 2005 and 2006 fiscal years.

Source: School District Financial Records

	2001	2002	2003	2004	2005	2006
\$	20,627,166	\$ 22,234,442	\$ 23,305,504	\$ 25,074,989	\$ 27,496,940	\$ 29,974,634
	1,453,934	1,746,215	1,489,379	1,648,627	1,250,165	1,439,599
	2,081,782	1,870,353	1,727,303	2,055,120	1,609,526	1,879,839
	2,350,713	2,166,667	2,860,983	3,225,940	3,404,941	3,763,761
	2,447,137	2,377,287	2,743,483	3,116,221	3,819,241	4,073,271
	1,019,394	1,217,869	1,099,100	1,283,566	1,509,554	1,606,318
	121,171	-	214,611	89,770	-	-
	39,096	28,286	31,047	29,200	35,199	123,594
	1,869,453	2,589,959	12,168,358	3,144,501	1,997,781	2,097,020
	1,340,000	1,700,000	1,775,000	1,875,000	1,965,000	2,065,000
	1,474,826	1,894,948	1,862,159	1,792,285	1,876,949	2,561,488
	1,389,418	1,417,202	1,485,575	1,452,261	1,522,333	1,675,939
\$	<u>36,214,090</u>	\$ <u>39,243,228</u>	\$ <u>50,762,502</u>	\$ <u>44,787,480</u>	\$ <u>46,487,629</u>	\$ <u>51,260,463</u>
			9.60%	8.76%	8.65%	9.45%

LINN-MAR COMMUNITY SCHOOL DISTRICT

OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)

	Fiscal Year			
	1997	1998	1999	2000
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 706,231</b>	<b>\$ (50,362)</b>	<b>\$ (12,964,116)</b>	<b>\$ (6,671,797)</b>
<b>Other financing sources (uses)</b>				
Interfund transfers in	250,000	264,551	-	3,000
Interfund transfers out	(250,000)	(264,551)	-	(3,000)
Sale of equipment	-	-	200	-
General obligation refunding bonds issued	6,952,556	18,002,990	2,978	-
General obligation bonds issued	-	-	-	-
General obligation bonds refunded	-	-	-	-
Total other financing sources (uses)	6,952,556	18,002,990	3,178	-
Net change in fund balances	<u>\$ 7,658,787</u>	<u>\$ 17,952,628</u>	<u>\$ (12,960,938)</u>	<u>\$ (6,671,797)</u>

Source: School District Financial Records



<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ <u>(456,416)</u>	\$ <u>(1,580,065)</u>	\$ <u>(9,639,192)</u>	\$ <u>(2,661,147)</u>	\$ <u>(814,330)</u>	\$ <u>(961,726)</u>
63,000	-	-	-	42,745	-
(63,000)	-	-	-	(42,745)	-
-	560	110	-	-	-
9,887,306	1,980,620	-	-	10,240,208	14,333,551
-	-	-	-	-	9,891,593
-	-	-	-	-	(5,015,000)
<u>9,887,306</u>	<u>1,981,180</u>	<u>110</u>	<u>-</u>	<u>10,240,208</u>	<u>19,210,144</u>
\$ <u><u>9,430,890</u></u>	\$ <u><u>401,115</u></u>	\$ <u><u>(9,639,082)</u></u>	\$ <u><u>(2,661,147)</u></u>	\$ <u><u>9,425,878</u></u>	\$ <u><u>18,248,418</u></u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GENERAL FUND EXPENDITURES, BY FUNCTION, AND OTHER FINANCING USES  
Last Ten Fiscal Years  
(Unaudited)

**Expenditures by Function**

Fiscal Year Ended June 30,	Instruction	Support Services	Non- Instructional Programs	Other Expenditures	Total Expenditures	Other Financing Uses
2006	\$ 28,781,564	\$ 12,012,745	\$ 642	\$ 1,675,939	\$ 42,470,890	\$ -
2005	26,278,462	10,711,877	-	1,522,333	38,512,672	(42,745)
2004	23,947,892	10,924,257	-	1,452,261	36,324,410	-
2003	22,164,892	9,730,893	-	1,485,575	33,381,360	-
2002	21,356,226	9,083,974	-	1,417,202	31,857,402	-
2001	19,707,627	9,188,976	-	1,389,418	30,286,021	-
2000	18,053,050	8,594,461	-	1,271,474	27,918,985	-
1999	16,259,564	7,343,060	-	1,188,863	24,791,487	-
1998	14,936,923	6,685,239	-	1,098,605	22,720,767	(264,551)
1997	13,925,275	6,408,563	-	1,011,235	21,345,073	(250,000)

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

GENERAL FUND REVENUES, BY SOURCE, AND OTHER FINANCING SOURCES  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended June 30,	Local Tax	State	Federal	Miscellaneous	Total	Other Financing Sources
2006	\$ 15,500,786	\$ 23,243,767	\$ 1,211,616	\$ 2,288,251	\$ 42,244,420	\$ -
2005	14,544,873	20,984,741	962,098	2,136,586	38,628,298	-
2004	13,325,279	19,462,627	551,008	1,744,674	35,083,588	-
2003	12,690,539	19,208,714	547,626	1,647,414	34,094,293	110
2002	11,281,454	17,800,387	449,850	1,756,775	31,288,466	560
2001	10,694,813	17,308,677	351,237	2,074,215	30,428,942	-
2000	10,420,872	15,947,705	291,708	1,924,631	28,584,916	-
1999	9,783,220	14,033,206	355,007	1,920,385	26,091,818	-
1998	9,157,897	13,083,866	206,800	1,852,258	24,300,821	-
1997	8,382,628	12,014,842	214,434	1,710,121	22,322,025	-

Source: School District Financial Records

# LINN-MAR COMMUNITY SCHOOL DISTRICT

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	General	Debt Services	PERL	PPEL	Management	Total
<u>Property Tax Levies</u>						
2006	\$ 15,616,921	\$ 3,654,303	\$ 162,527	\$ 1,227,924	\$ 1,103,232	\$ 21,764,907
2005	14,596,018	3,629,625	34,995	1,166,448	1,048,335	20,475,421
2004	13,229,566	3,510,174	146,864	1,114,122	489,547	18,490,273
2003	12,624,459	3,336,487	138,202	1,065,300	315,000	17,479,448
2002	11,292,784	3,616,898	132,287	1,001,719	250,002	16,293,690
2001	10,596,925	2,751,595	123,882	924,949	250,003	14,647,354
2000	10,259,845	2,766,501	120,872	895,349	249,999	14,292,566
1999	9,584,773	2,801,257	112,720	834,960	250,004	13,583,714
1998	9,012,919	2,055,927	102,295	757,740	250,001	12,178,882
1997	8,386,681	919,702	97,326	720,936	200,002	10,324,647

### Property Tax Collections

2006	\$ 15,500,786	\$ 3,623,935	\$ 164,310	\$ 1,219,038	\$ 1,090,977	\$ 21,599,046
2005	14,544,873	3,616,898	34,869	1,162,353	1,044,659	20,403,652
2004	13,325,279	3,526,118	147,925	1,119,179	493,086	18,611,587
2003	12,596,869	3,329,567	137,898	1,063,087	314,750	17,442,171
2002	11,197,172	3,593,439	131,081	995,220	247,724	16,164,636
2001	10,602,169	2,750,310	125,025	924,518	250,143	14,652,165
2000	10,329,770	2,785,308	121,695	901,447	251,702	14,389,922
1999	9,700,426	2,834,814	114,072	845,027	253,019	13,747,358
1998	9,081,756	2,071,654	103,075	763,525	251,942	12,271,952
1997	8,319,138	911,224	96,541	715,127	198,390	10,240,420

### Percentage Collected

2006	99.26	%	98.68	%	100.10	%	99.28	%	98.89	%	99.16	%
2005	99.65		99.65		99.64		99.65		99.65		99.65	
2004	100.72		100.45		100.72		100.45		100.72		100.66	
2003	99.78		99.79		99.78		99.79		99.92		99.79	
2002	99.15		99.35		99.09		99.35		99.09		99.21	
2001	100.05		99.95		100.92		99.95		100.06		100.03	
2000	100.68		100.68		100.68		100.68		100.68		100.68	
1999	100.21		101.20		101.20		101.21		101.21		101.20	
1998	100.76		100.76		100.76		100.76		100.78		100.76	
1997	99.19		99.08		99.19		99.19		99.19		92.18	

Source: School District Financial Records

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LINN-MAR COMMUNITY SCHOOL DISTRICT  
 ASSESSED AND TAXABLE VALUE OF PROPERTY  
 Last Ten Fiscal Years  
 (Unaudited)

Assessment Year	Collection Year	Real Property		Utilities	
		Taxable Value	Assessed Value	Taxable Value	Assessed Value
2004	2005-06 (A)	\$ 1,212,375,838	\$ 1,969,761,812	\$ 15,544,312	\$ 18,689,828
2003	2004-05 (B)	1,151,172,439	1,851,410,654	15,275,581	17,166,356
2002	2003-04 (C)	1,096,672,553	1,694,179,714	17,449,122	17,449,122
2001	2002-03 (D)	1,048,767,918	1,615,215,870	16,531,519	16,531,519
2000	2001-02 (E)	985,965,706	1,416,750,021	15,753,545	15,753,545
1999	2000-01 (F)	909,439,072	1,321,139,183	15,510,277	15,510,277
1998	1999-00 (G)	883,787,170	1,244,174,567	16,575,946	16,575,946
1997	1998-99 (H)	822,585,318	1,177,702,846	16,403,250	16,403,250
1996	1997-98 (I)	746,385,532	1,009,925,808	15,068,898	15,068,868
1995	1996-97 (J)	709,888,172	959,523,142	14,498,050	14,498,050

- (A) Equalization order applied by County Auditor.  
Rollback 45.9960% residential, 99.2570% utilities.
- (B) Equalization order applied by County Auditor.  
Rollback 48.4558% residential, 99.2570% utilities.
- (C) Equalization order applied by County Auditor.  
Rollback 51.3874% residential, 100% utilities.
- (D) Equalization order applied by County Auditor.  
Rollback 51.6676% residential, 100% utilities.
- (E) Equalization order applied by County Auditor.  
Rollback 56.2651% residential, 100% utilities.
- (F) Equalization order applied by County Auditor.  
Rollback 54.8525% residential, 100% utilities.
- (G) Equalization order applied by County Auditor.  
Rollback 56.4789% residential, 100% utilities.
- (H) Equalization order applied by County Auditor.  
Rollback 54.9090% residential, 100% utilities.
- (I) Equalization order applied by County Auditor.  
Rollback 58.8284% residential, 100% utilities.
- (J) Equalization order applied by County Auditor.  
Rollback 59.1380% residential, 100% utilities.

Source: Linn County Auditor

Total		Ratio Taxable Value to Assessed Value
Taxable Value	Assessed Value	
\$ 1,227,920,150	\$ 1,988,451,640	61.8 %
1,166,448,020	1,868,577,010	62.4
1,114,121,675	1,711,628,836	65.1
1,065,299,437	1,631,747,389	65.3
1,001,719,251	1,432,503,566	69.9
924,949,349	1,336,649,460	69.2
900,363,116	1,260,750,513	71.4
838,988,568	1,194,106,096	70.3
761,454,430	1,024,994,676	74.3
724,386,222	974,021,192	74.4

## LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION  
ALL DIRECT AND OVERLAPPING GOVERNMENTSLast Ten Years  
(Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
2004	2005-06*			
	County	\$ 5.73231	\$ 5.73231	\$ 5.73231
	Schools	17.99931	17.99931	17.99931
	City	13.98997	13.98851	8.69792
	Miscellaneous	1.06205	0.97102	0.97102
	Total Levy	<u>\$ 38.78364</u>	<u>\$ 38.69115</u>	<u>\$ 33.40056</u>
Ratio of Linn-Mar Community School District to Total		<u>46.41%</u>	<u>46.52%</u>	<u>53.89%</u>
2003	2004-2005*			
	County	\$ 5.51347	\$ 5.51347	\$ 5.51347
	Schools	17.76825	17.76825	17.76825
	City	13.11797	13.65104	8.54268
	Miscellaneous	1.08096	0.98101	0.98101
	Total Levy	<u>\$ 37.48065</u>	<u>\$ 37.91377</u>	<u>\$ 32.80541</u>
Ratio of Linn-Mar Community School District to Total		<u>47.41%</u>	<u>46.86%</u>	<u>54.16%</u>
2002	2003-2004*			
	County	\$ 5.29322	\$ 5.29322	\$ 5.29322
	Schools	16.89647	16.89647	16.89647
	City	13.06777	13.46667	8.55126
	Miscellaneous	1.07587	0.97726	0.97726
	Total Levy	<u>\$ 36.33333</u>	<u>\$ 36.63362</u>	<u>\$ 31.71821</u>
Ratio of Linn-Mar Community School District to Total		<u>46.50%</u>	<u>46.12%</u>	<u>53.27%</u>



## LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION  
ALL DIRECT AND OVERLAPPING GOVERNMENTSLast Ten Years  
(Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
2001	2002-2003*			
	County	\$ 5.25419	\$ 5.25419	\$ 5.25419
	Schools	16.90663	16.90663	16.90663
	City	12.82969	13.25744	8.58425
	Miscellaneous	1.06121	0.9617	0.9617
	Total Levy	<u>\$ 36.05172</u>	<u>\$ 36.37996</u>	<u>\$ 31.70677</u>
Ratio of Linn-Mar Community School District to Total		<u>46.90%</u>	<u>46.47%</u>	<u>53.32%</u>
2000	2001-2002*			
	County	\$ 5.24684	\$ 5.24684	\$ 5.24684
	Schools	16.52524	16.52524	16.52524
	City	13.04	12.78971	8.61467
	Miscellaneous	1.01956	0.87966	0.87966
	Total Levy	<u>\$ 35.83164</u>	<u>\$ 35.44145</u>	<u>\$ 31.26641</u>
Ratio of Linn-Mar Community School District to Total		<u>46.12%</u>	<u>46.63%</u>	<u>52.85%</u>
1999	2000-2001*			
	County	\$ 5.3111	\$ 5.3111	\$ 5.3111
	Schools	15.93025	15.93025	15.93025
	City	12.74497	12.75826	9.04828
	Miscellaneous	0.97792	0.87427	0.87427
	Total Levy	<u>\$ 34.96424</u>	<u>\$ 34.87388</u>	<u>\$ 31.1639</u>
Ratio of Linn-Mar Community School District to Total		<u>45.56%</u>	<u>45.68%</u>	<u>51.12%</u>

## LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION  
ALL DIRECT AND OVERLAPPING GOVERNMENTSLast Ten Years  
(Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
1998	1999-2000*			
	County	\$ 5.3111	\$ 5.3111	\$ 5.3111
	Schools	15.94591	15.94591	15.94591
	City	12.4	12.39855	9.04591
	Miscellaneous	0.93054	0.89281	0.89281
	Total Levy	<u>\$ 34.58755</u>	<u>\$ 34.54837</u>	<u>\$ 31.19573</u>
Ratio of Linn-Mar Community School District to Total		<u>46.10%</u>	<u>46.16%</u>	<u>51.12%</u>
1997	1998-1999*			
	County	\$ 5.3811	\$ 5.3811	\$ 5.3811
	Schools	16.25259	16.25259	16.25259
	City	12.32432	12.46129	9.00902
	Miscellaneous	0.84003	0.85972	0.85972
	Total Levy	<u>\$ 34.79804</u>	<u>\$ 34.9547</u>	<u>\$ 31.50243</u>
Ratio of Linn-Mar Community School District to Total		<u>46.71%</u>	<u>46.50%</u>	<u>51.59%</u>
1996	1998-1999*			
	County	\$ 5.3811	\$ 5.3811	\$ 5.3811
	Schools	16.25259	16.25259	16.25259
	City	12.32432	12.46129	9.00902
	Miscellaneous	0.84003	0.85972	0.85972
	Total Levy	<u>\$ 34.79804</u>	<u>\$ 34.9547</u>	<u>\$ 31.50243</u>
Ratio of Linn-Mar Community School District to Total		<u>46.71%</u>	<u>46.50%</u>	<u>51.59%</u>

## LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION  
ALL DIRECT AND OVERLAPPING GOVERNMENTSLast Ten Years  
(Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
1995	1997-1998*			
	County	\$ 5.61839	\$ 5.61839	\$ 5.61839
	Schools	16.05941	16.05941	16.05941
	City	12.07416	13.16082	8.96845
	Miscellaneous	0.92556	0.9223	0.9223
	Total Levy	<u>\$ 34.67752</u>	<u>\$ 35.76092</u>	<u>\$ 31.56855</u>
Ratio of Linn-Mar Community School District to Total		<u>46.31%</u>	<u>44.91%</u>	<u>50.87%</u>

\* = Tax rates expressed in dollars per \$1,000 assessed valuation.

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT

RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE  
AND GENERAL BONDED DEBT PER CAPITA AND PER STUDENT  
Last Ten Fiscal Years  
(Unaudited)

<u>Year of Collection</u>	<u>Population</u>	<u>Average Daily Membership</u>	<u>Assessed Values of Property</u>	<u>General Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>
2005-06	29,825	5,266	\$ 1,988,451,640	\$ 62,425,000	3.14 %
2004-05	26,294	4,975	1,868,577,010	45,265,000	2.42
2003-04	26,294	4,912	1,711,628,836	37,080,000	2.17
2002-03	26,294	4,708	1,631,747,389	38,955,000	2.39
2001-02	26,294	4,568	1,432,503,566	40,730,000	2.84
2000-01	26,294	4,119	1,336,649,460	40,430,000	3.02
1999-00	20,422	4,465	1,260,750,513	31,770,000	2.52
1998-99	20,422	4,337	1,194,106,096	33,005,000	2.76
1997-98	20,422	4,318	1,024,994,676	33,670,000	3.28
1996-97	20,422	4,174	974,021,192	16,419,500	1.69

Source: Linn County Auditor  
School District Financial & Enrollment Records

	<u>Bonded Debt Per Capita</u>		<u>Bonded Debt Per Student</u>
\$	2,093	\$	11,854
	1,721		9,098
	1,410		7,549
	1,482		8,274
	1,549		8,916
	1,538		9,815
	1,556		7,115
	1,616		7,610
	1,649		7,798
	804		3,934

LINN-MAR COMMUNITY SCHOOL DISTRICT  
COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years  
(Unaudited)

	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Total Assessed Valuation	\$ <u>1,988,451,640</u>	\$ <u>1,868,577,010</u>	\$ <u>1,711,628,836</u>	\$ <u>1,631,747,389</u>	\$ <u>1,432,503,566</u>
Bonded Debt Limit *					
5% of assessed valuation	99,422,582	93,428,851	85,581,442	81,587,369	71,625,178
Bonded Debt at end of fiscal year	<u>62,425,000</u>	<u>45,265,000</u>	<u>37,080,000</u>	<u>38,955,000</u>	<u>40,730,000</u>
Debt Margin at end of fiscal year	\$ <u>36,997,582</u>	\$ <u>48,163,851</u>	\$ <u>48,501,442</u>	\$ <u>42,632,369</u>	\$ <u>30,895,178</u>

\* = Code of Iowa Section 296.1

Source: Linn County Auditor  
School District Financial Records

<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>
\$ <u><u>1,336,649,460</u></u>	\$ <u><u>1,260,750,513</u></u>	\$ <u><u>1,194,106,096</u></u>	\$ <u><u>1,024,994,676</u></u>	\$ <u><u>974,021,192</u></u>
66,832,473	63,037,526	59,705,305	51,249,734	48,701,060
<u>40,430,000</u>	<u>31,770,000</u>	<u>33,005,000</u>	<u>33,670,000</u>	<u>16,419,500</u>
\$ <u><u>26,402,473</u></u>	\$ <u><u>31,267,526</u></u>	\$ <u><u>26,700,305</u></u>	\$ <u><u>17,579,734</u></u>	\$ <u><u>32,281,560</u></u>

LINN-MAR COMMUNITY SCHOOL DISTRICT  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2006  
(Unaudited)

	Gross General Obligation Debt <u>Outstanding</u>	Percentage Applicable to Linn-Mar Community School District	Linn-Mar Community School District <u>Share of Debt</u>
Direct:			
Linn-Mar Community School District	\$ 62,425,000	100.00	\$ 62,425,000
Overlapping:			
City of Cedar Rapids	80,154,100	10.62	8,512,365
City of Marion	12,478,603	60.97	7,608,204
City of Robbins	5,355,000	24.10	1,290,555
Kirkwood Community College	10,000,000	7.32	732,000
Linn County	<u>3,445,000</u>	15.29	<u>526,741</u>
Total overlapping	<u>111,432,703</u>		<u>18,669,865</u>
Total Direct and Overlapping Debt	<u>\$ 173,857,703</u>		<u>\$ 81,094,865</u>

Source: Linn County Auditor



LINN-MAR COMMUNITY SCHOOL DISTRICT  
MISCELLANEOUS DEMOGRAPHIC STATISTICS

Last Ten Years  
(Unaudited)

Calendar Year	Linn County Resident Civilian Labor Force	Resident Total Employment	Cedar Rapids Retail Sales (In Millions)	Marion Retail Sales (In Millions)	Linn County Unemployment Rate	State Unemployment Rate
2005	115,300	110,000	2,398.2	287.1	4.6 %	4.6 %
2004	113,600	108,100	2,391.9	259.1	4.9	4.8
2003	113,800	108,400	2,328.2	252.2	4.8	4.5
2002	115,700	110,600	2,292.9	253.6	4.4	4.0
2001	113,400	109,900	2,229.5	237.9	3.1	3.3
2000	111,700	109,000	2,219.7	242.5	2.4	2.7
1999	114,800	112,700	2,168.0	234.1	1.8	2.5
1998	112,300	110,200	2,059.5	222.7	1.9	2.8
1997	110,400	107,600	1,899.7	213.9	2.6	3.3
1996	110,400	107,100	1,901.6	201.4	2.9	3.6

Source: Cedar Rapids and Marion Chamber of Commerce  
Iowa Department of Employment Services

LINN-MAR COMMUNITY SCHOOL DISTRICT  
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended June 30,	Insured Property Value	Expenditures for Construction	Bank Deposit*
2006	\$ 85,868,742	\$ 2,097,020	\$ 506,350.16
2005	78,890,063	1,962,487	1,656,331.15
2004	61,678,981	2,320,801	470,381.72
2003	58,546,915	11,594,240	791,857.47
2002	57,969,762	2,561,809	1,651,617.31
2001	56,778,402	1,332,308	1,463,656.65
2000	43,859,886	8,041,821	553,626.92
1999	41,130,810	16,000,362	1,695,619.55
1998	40,108,410	2,666,221	1,507,600.05
1997	33,622,470	235,966	3,559,422.61

\* = School district's General Fund and Management Fund  
bank deposit at June 30.

Source: Bouslog Insurance, Inc.  
District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago  
(Unaudited)

Taxpayer	2005 Taxable Value 1/1/2005 Valuation	Percentage of Total Assessed Valuation*	1996 Taxable Value 1/1/2006 Valuation	Percentage of Total Assessed Valuation*
Rockwell Collins Inc	\$ 36,732,763	2.88 %	89,362,267	11.83 %
SDG Macerich Properties	35,180,273	2.76	-	-
OPM, LC	15,430,634	1.21	-	-
Davis Realty	10,457,343	0.82	7,150,768	0.95
Hammons John Q Hotels	9,675,466	0.76	-	-
Timberland Partners	9,132,517	0.72	-	-
Target Corporation	8,419,751	0.66	-	-
Qwest Communications	7,427,050	0.58	-	-
Midwest Centers	5,862,506	0.46	-	-
Alcurt Cedar Rapids	5,825,625	0.46	-	-
Lindale Mall	-	-	28,038,355	3.71
Northland Square Mall	-	-	11,135,880	1.47
Collins Plaza Hotel	-	-	9,610,200	1.27
IES Industries	-	-	6,495,534	0.86
U.S. West Inc	-	-	4,893,224	0.65
Hy-Vee Food Stores	-	-	3,464,767	0.46
Iowa-Illinois Gas & Electric	-	-	2,619,402	0.35
Vector Group	-	-	1,587,528	0.21
Total	\$ <u>144,143,928</u>	11.31	\$ <u>164,357,925</u>	21.75

\* = 2005 Total District Taxable Valuation is \$1,274,056,778  
1996 Total District Taxable Valuation is \$755,684,135

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT

NEW COMMERCIAL AND INDUSTRIAL BUILDING PERMITS

Last Ten Years  
(Unaudited)

Year	City of Cedar Rapids New Commercial		City of Marion New Commercial	
	# of Permits	Valuation	# of Permits	Valuation
2005	52	\$ 54,653,299	11	\$ 15,823,935
2004	47	16,796,266	9	1,292,890
2003	43	15,849,336	9	1,888,957
2002	41	17,987,403	7	1,198,331
2001	45	24,095,638	2	317,117
2000	56	42,126,701	12	3,360,064
1999	37	22,946,051	15	5,790,886
1998	46	33,084,726	5	1,701,162
1997	53	25,751,798	11	1,354,963
1996	52	25,249,976	16	2,134,914

Year	City of Cedar Rapids New Industrial		City of Marion New Industrial	
	# of Permits	Valuation	# of Permits	Valuation
2005	3	\$ 764,800	1	\$ 130,000
2004	4	2,989,448	1	91,872
2003	3	170,000	1	114,840
2002	1	225,000	1	1,877,468
2001	1	45,000	-	-
2000	6	450,454	-	-
1999	6	1,683,505	-	-
1998	12	4,225,110	1	322,560
1997	4	914,702	-	-
1996	8	413,860	-	-

Source: City of Cedar Rapids Building Department  
City of Marion

LINN-MAR COMMUNITY SCHOOL DISTRICT  
NEW SINGLE AND MULTI FAMILY DWELLING PERMITS

Last Ten Years  
(Unaudited)

Year	City of Cedar Rapids Single-Family		City of Marion Single-Family	
	# of Permits	Valuation	# of Permits	Valuation
2005	348	\$ 37,783,146	312	\$ 36,446,164
2004	334	34,725,819	289	29,467,226
2003	378	37,635,431	253	26,452,966
2002	370	37,741,513	227	23,370,869
2001	374	35,989,687	189	18,701,530
2000	327	40,942,580	180	14,832,690
1999	358	34,952,684	205	17,690,985
1998	390	37,218,609	184	15,802,574
1997	331	32,804,827	128	11,303,799
1996	322	28,638,757	160	12,988,080

Year	City of Cedar Rapids Multi-Family		City of Marion Multi-Family	
	# of Permits	Valuation	# of Permits	Valuation
2005	75 (n/a)	\$ 24,769,755	44 (n/a)	\$ 19,879,621
2004	18 (108)	33,595,118	14 (n/a)	3,245,040
2003	37 (n/a)	7,650,440	39 (n/a)	17,736,558
2002	19 (n/a)	15,644,822	47 (n/a)	17,875,071
2001	19 (n/a)	5,674,602	34 (n/a)	8,279,526
2000	75 (n/a)	23,970,471	42 (n/a)	8,931,257
1999	82 (n/a)	19,991,106	56 (n/a)	12,857,973
1998	37 (153)	8,058,898	35 (153)	11,109,526
1997	25 (n/a)	12,372,567	19 (n/a)	4,249,933
1996	33 (n/a)	9,128,052	27 (82)	4,664,402

Source: City of Cedar Rapids Building Department  
City of Marion

# LINN-MAR COMMUNITY SCHOOL DISTRICT

## PRINCIPAL EMPLOYERS

Current and Nine Years Ago  
(Unaudited)

	2006		1996	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
State University of IA/Hospital	\$ 25,249	45.69 %	\$ 21,773	46.48 %
Rockwell-Avionics	8,500	15.38	6,300	13.45
Area Schools/AEA	4,966	8.99	4,073	8.69
Hy-Vee Stores	2,971	5.38	1,950	4.16
Aegon USA	2,800	5.07	-	-
Amana Refrigeration/Whirlpool	2,650	4.79	2,950	6.30
St. Lukes Hospital	2,600	4.71	2,250	4.80
Mercy Medical Center	2,060	3.73	1,700	3.63
Pearson	1,929	3.49	-	-
Walmart Stores, Inc.	1,530	2.77	-	-
IES Utilities	-	-	2,282	4.87
McLeod USA	-	-	1,966	4.20
MCI Communications	-	-	1,600	3.42
Total	\$ <u>55,255</u>	<u>100.00</u> %	\$ <u>46,844</u>	<u>100.00</u> %

Source: Cedar Rapids Area Chamber of Commerce

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LINN-MAR COMMUNITY SCHOOL DISTRICT

FULL-TIME – EQUIVALENT DISTRICT EMPLOYEES BY TYPE

Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year			
	1997	1998	1999	2000
<b>Administration</b>				
Superintendent	1	1	1	1
Associate Superintendent	2	1	1	1
Principals	7	7	7	7
Assistant Principals	3.7	3.9	3.9	4
Other Administrators	1	1	2.5	3
Supervisors	4	4	3.5	3
<b>Instructors</b>				
Regular Program Teachers	223.59	225.7	228.6	250
Special Education Teachers	19	23.5	25	27
<b>Student Services</b>				
Guidance Counselors	9	9	10	11
Media Specialists	7	7	7	7
Curriculum Coordinators	2	2	2.5	3.5
Other Licensed Staff	3	3	3.1	4.5
Other Coordinators	1.5	1	1	2.3
<b>Support Personnel</b>				
Nurse	2	2	2	2
Clerical	32.8	32.6	33.6	35.1
Paraeducators	61.8	62.8	60.4	76
Custodial & Maintenance	38.4	40.3	36.9	49.7
Food Service	29.2	-	-	-
Bus Drivers	13.5	13.8	14.2	12.5
	<u>461.49</u>	<u>440.6</u>	<u>443.2</u>	<u>499.6</u>

Source: District Personnel Records



2001	2002	2003	2004	2005	2006
1	1	1	1	1	1
0.5	1	1	1	1	1
7	7	7	8	9	9
4	5	6	5	5	5
3	2	1.5	1	2.5	3
3	4	4	4	4	4
262.8	269.16	270.04	284.63	293.39	309.8
27	31.3	38.5	41	48	51
11	11	11	12	12.5	14
7	7	7	8	8	8
3	3	2	2	2	2
4.5	4.5	3.75	2	4.5	5
3.1	2.5	3.5	4.5	3	3
2.5	2.5	2.5	3	3	3
33	34.43	34.56	35.56	36.44	36.56
98.38	105.3	105.4	123.14	128.48	122.77
52.9	51.1	55.01	97.15	58.97	58.85
-	31.72	31.63	-1	37.44	42.44
13.82	14.33	14.18	16.375	17.18	22.19
537.5	587.84	599.57	648.355	675.4	701.61

LINN-MAR COMMUNITY SCHOOL DISTRICT

OPERATING COST PER PUPIL

Last Ten Fiscal Years  
(Unaudited)

<u>Fiscal Year</u>	<u>Total Costs*</u>	<u>Average Daily Attendance</u>	<u>Operating Costs Per Pupil</u>
2005-2006	\$ 42,470,890	5,003	\$ 8,489
2004-2005	38,512,612	4,765	8,082
2003-2004	36,324,410	4,702	7,725
2002-2003	33,381,360	4,509	7,403
2001-2002	31,857,402	4,392	7,254
2000-2001	30,286,021	3,946	7,675
1999-2000	27,918,985	4,294	6,502
1998-1999	24,791,487	4,145	5,981
1997-1998	22,720,767	4,132	5,499
1996-1997	21,345,073	3,995	5,343

\* Includes all General Fund Expenditures

Source: School District Financial and Attendance Reports

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# LINN-MAR COMMUNITY SCHOOL DISTRICT

## SCHOOL BUILDING INFORMATION

Last Ten Fiscal Years  
(Unaudited)

School	Fiscal Year			
	1997	1998	1999	2000
<b>Elementary</b>				
Bowman Woods				
Square Feet	42,200	42,200	42,200	42,200
Capacity	500	500	500	500
Enrollment	475	462	513	474
Indian Creek				
Square Feet	34,500	34,500	42,200	42,200
Capacity	390	390	450	450
Enrollment	316	372	361	434
Novak				
Square Feet	57,300	57,300	57,300	57,300
Capacity	500	500	500	500
Enrollment	438	489	531	477
Westfield				
Square Feet	-	-	-	58,000
Capacity	-	-	-	500
Enrollment	-	-	-	404
Wilkins				
Square Feet	40,800	40,800	48,800	48,800
Capacity	450	450	500	500
Enrollment	417	430	446	450
<b>Pre - K-8 Building</b>				
Oak Ridge				
Square Feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Middle School/Intermediate*</b>				
Excelsior				
Square Feet	73,700	73,700	73,700	126,700
Capacity	700	700	700	1,100
Enrollment	653	680	631	998
<b>High School/Junior High**</b>				
Square Feet	268,000	268,000	268,000	305,000
Capacity	1,950	1,950	1,457	1,800
Enrollment	1,824	1,860	1,889	1,293

Notes: Over time, some of the buildings' capacity has actually decreased due to the inclusion of additional special programs.

\*Excelsior Middle School opened in 1995 as an intermediate school and was added onto in 1999 and converted into a middle school.

\*\*The high school started out as two separate buildings: the high school and junior high. Over time they were both added onto and are now one large building.

Source: School District Construction and Enrollment Records

2001	2002	2003	2004	2005	2006
42,200	42,200	50,906	50,906	50,906	50,906
500	500	500	500	500	500
462	463	524	514	499	498
42,200	42,200	42,200	42,200	42,200	42,200
450	450	450	450	450	450
420	430	426	406	427	478
57,300	57,300	57,300	57,300	57,300	57,300
500	400	400	400	400	400
492	473	487	370	362	366
58,000	58,000	58,000	58,000	58,000	58,000
500	500	500	500	500	500
454	493	495	405	436	462
48,800	48,800	48,800	48,800	48,800	48,800
500	500	500	500	500	500
472	455	434	460	473	462
-	-	-	105,383	105,383	105,383
-	-	-	750	750	750
-	-	-	577	643	692
126,700	126,700	126,700	126,700	126,700	126,700
1,100	1,100	1,100	1,100	1,100	1,100
988	1,065	1,122	884	836	841
305,000	305,000	305,000	305,000	305,000	305,000
1,800	1,800	1,800	1,800	1,800	1,800
1,301	1,274	1,250	1,292	1,399	1,504

# LINN-MAR COMMUNITY SCHOOL DISTRICT

## FINANCIAL SOLVENCY RATIO

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Unreserved, Undesignated General Fund Balance	Actual Revenues	Financial Solvency Ratio
2005-2006	\$ 2,112,222	\$ 42,244,420	5.00 %
2004-2005	2,522,629	38,628,298	6.53
2003-2004	2,364,453	35,083,588	6.74
2002-2003	3,801,967	34,094,293	11.15
2001-2002	3,010,114	31,288,466	9.62
2000-2001	3,356,452	30,428,942	11.03
1999-2000	3,160,473	28,584,916	11.06
1998-1999	2,628,355	26,092,018	10.10
1997-1998	1,314,714	24,300,821	5.41
1996-1997	100,152	22,322,025	0.45

\* Financial Solvency Ratio = 
$$\frac{\text{Undesignated, Unreserved General Fund Balance}}{\text{Actual Revenues}}$$

The financial solvency ratio measures movement and distribution of current assets. The financial solvency ratio represents a school district's year end position after payment of all current and outstanding or accrued liabilities.

Ranges utilized are:

Targeted Solvency Position:

Financial Solvency Ratio ranging from 5% to 10% of actual revenues. A school district is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term obligations.

Acceptable Solvency Position:

Financial Solvency Ratio ranging from 0% to 4.99% of actual revenues. Fund balance is considered adequate for short-term purposes as long as other local economic trends, such as property tax collections and enrollment are sound.

Solvency Alert:

A solvency alert exists if the school corporation has a negative solvency ratio up to -3.0% of actual revenues. A negative solvency position in this range warrants prompt management response but could be caused by operating revenue/expenditure fluctuations within one budget year.

Solvency Concern:

A solvency concern exists if the school corporation has a negative solvency ratio in excess of -3.0% of actual revenues.

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY MEMBERSHIP (ADM),  
AVERAGE DAILY ATTENDANCE (ADA) AND RATIO OF ADA TO ADM  
Last Ten Fiscal Years  
(Unaudited)

<u>Fiscal Year Ending June 30,</u>	<u>Average Daily Membership (ADM)</u>	<u>Average Daily Attendance (ADA)</u>	<u>Ratio of ADA to ADM</u>
2006	5,266	5,003	95.01 %
2005	4,975	4,765	95.78
2004	4,912	4,702	95.72
2003	4,708	4,509	95.77
2002	4,568	4,392	96.15
2001	4,119	3,946	95.80
2000	4,465	4,294	96.17
1999	4,337	4,145	95.57
1998	4,318	4,132	95.69
1997	4,174	3,995	95.71

Source: District Enrollment Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

OPEN ENROLLED STUDENTS

Last Ten Fiscal Years  
(Unaudited)

<u>Fiscal Year</u>	<u>Open Enrollment In</u>	<u>Open Enrollment Out</u>	<u>Net Gain (Loss)</u>
2006	153	543	(390)
2005	158	491	(333)
2004	135	490	(355)
2003	128	470	(342)
2002	139	459	(320)
2001	170	446	(276)
2000	167	385	(218)
1999	174	334	(160)
1998	206	311	(105)
1997	187	288	(101)

Source: Certified Enrollment



LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES BY FUND  
PER \$1,000 ASSESSED VALUATION  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ending June 30,	General	Management	Board PPEL	Playground	Voted PPEL	Debt Service	Total
2006	\$ 12.97192	\$ 0.91638	\$ 0.33000	\$ 0.13500	\$ 0.67000	\$ 2.97601	\$ 17.99931
2005	12.71299	0.91309	0.33000	0.03048	0.67000	3.11169	17.76825
2004	12.17075	0.45000	0.33000	0.13500	0.67000	3.15062	16.90637
2003	12.35356	0.30770	0.33000	0.13500	0.67000	3.13197	16.92823
2002	11.52442	0.25513	0.33000	0.13500	0.67000	3.61069	16.52524
2001	11.54795	0.27244	0.33000	0.13500	0.67000	2.97486	15.93025
2000	11.76571	0.27922	0.33000	0.13500	0.67000	3.07265	16.25258
1999	11.47932	0.29942	0.33000	0.13500	0.67000	3.33885	16.25259
1998	11.89448	0.32993	0.33000	0.13500	0.67000	2.70000	16.05941
1997	11.63306	0.27742	0.33000	0.13500	0.67000	1.26963	14.31511

Source: School District Financial Records

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## Internal Controls and Compliance Section

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2006

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Food Donation (non-cash)	10.550	FY 06	\$ <u>76,076</u>
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 06	51,947
National School Lunch Program	10.555	FY 06	326,724
			<u>378,671</u>
			<u>454,747</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	3715-Delinquent	37,525
Title 1 Grants to Local Educational Agencies	84.010	3715-GC-06	74,122
Title 1 Grants to Local Educational Agencies	84.010	3715-G-06	286,431
			<u>398,078</u>
State Grants for Innovative Programs	84.298	FY 05	3,960
State Grants for Innovative Programs	84.298	FY 06	11,989
			<u>15,949</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 06	<u>21,593</u>
Improving Teacher Quality State Grants	84.367	FY 05	41,141
Improving Teacher Quality State Grants	84.367	FY 06	122,704
			<u>163,845</u>
Vocational Education - Basic Grants to States	84.048	FY 06	<u>41,060</u>
Grants for State Assessments and Related Activities	84.369	FY 06	<u>30,462</u>
Advanced Placement Program	84.330	FY 06	<u>52</u>
Iowa Public Television:			
Fund for the Improvement of Education	84.215	FY 06	<u>356</u>
Star Schools	84.203	FY 06	<u>1,542</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2006

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect (continued):			
U. S. Department of Education (continued):			
Grant Wood Area Education Agency:			
Special Education - Grants to States	84.027	FY 06	\$ <u>293,830</u>
			<u>966,767</u>
U. S. Department of Health and Human Services:			
Linn County Department of Human Services:			
Medical Assistance Program	93.778	FY 06	<u>6,671</u>
Total			\$ <u><u>1,428,185</u></u>

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Linn-Mar Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Linn-Mar Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Linn-Mar Community School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated September 20, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Linn-Mar Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no material weaknesses during the course of our audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Linn-Mar Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Linn-Mar Community School District's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Linn-Mar Community School District and other parties to whom Linn-Mar Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Linn-Mar Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa  
September 20, 2006

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

To the Board of Education of  
Linn-Mar Community School District:

Compliance

We have audited the compliance of Linn-Mar Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Linn-Mar Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Linn-Mar Community School District's management. Our responsibility is to express an opinion on Linn-Mar Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U. S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Linn-Mar Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Linn-Mar Community School District's compliance with those requirements.

In our opinion, Linn-Mar Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Linn-Mar Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Linn-Mar Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Linn-Mar Community School District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements.



A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no material weaknesses during the course of our audit.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Linn-Mar Community School District and other parties to whom Linn-Mar Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa  
September 20, 2006

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Linn-Mar Community School District qualified as a low-risk auditee.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

Part II: Findings Related to the General Purpose Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

- II-A-06     Support Documentation – We noted that one disbursement out of 40 tested was not supported by an invoice or other documentation. We were able to obtain an invoice from the vendor at the date of the audit.
- Recommendation – The District should require full support documentation for all disbursements in the future, such as invoices, receipts or contracts.
- Response – This was an oversight for this transaction. Our policy requires that no disbursement should be made without the proper documentation. We will more carefully review all future disbursements.
- Conclusion – Response accepted.
- II-B-06     Financial Condition – The District had several accounts in the Special Revenue Fund, Student Activity with deficit balances at June 30, 2006. In addition, the Enterprise Fund, School Nutrition Fund had an unreserved, undesignated net assets deficit of \$11,093 at June 30, 2006.
- Recommendation – The District should investigate alternatives to return these accounts to healthy financial conditions. The District should review purchase approval procedures for the Student Activity accounts and may wish to require additional approval before ordering goods or services from these accounts. The District should review various funding options to restore the School Nutrition Fund to a sound position.
- Response – We will investigate alternatives and we will monitor the Student Activity accounts and the School Nutrition Fund to try to keep improving on these deficit balances.
- Conclusion – Response accepted.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

No matters were reported.

LINN-MAR COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

Part IV: Other Findings Related to Statutory Reporting:

IV-A-06 Certified Budget – Expenditures/expenses for the year ended June 30, 2006, exceeded the amounts budgeted in the instruction and non-instructional programs functions.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures/expenses were allowed to exceed the budget.

Response – We will amend our budget before expenditures/expenses exceed the budget.

Conclusion – Response accepted.

IV-B-06 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

IV-C-06 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-06 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-06 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-06 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-06 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-06 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

IV-I-06 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

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